The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

February 4, 1939

Jewish Refugees in Shanghai

AN EDITORIAL

Soviet, Nazis to Cooperate?

EDITORIAL CORRESPONDENCE

China's Supreme War Council

Made-in-Japan 'Genghis Khan'

BY JOHN AHLERS

Japan's South China Moves

China Fights and Rebuilds

BY C. Y. W. MENG

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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

ALARM IN TINGHAI

To The Editor:

Considerable apprehension prevails at Tinghai, Chusan, as a result of the action of the Japanese Navy in dispatching a gunboat (No. 4) and also, later in the day, a large cruiser to the little port and missionary community. The boats arrived on Jan. 13 and after taking soundings in the harbor departed without landing sailors.

While the Japanese war craft were there, most of the people fled into the hills and found shelter in the little villages as best they could. The schools suspended classes for two days and also sent the children into the hills.

The contributions of the American Red Cross to the Tinghai Catholic Charity House have been of great service in feeding the large crowd of poor and homeless in this critical period.

C. K. H.

Ningpo, January 27, 1939.

DEFENSE OF LEAGUE

Editor's Note: We have been asked to print the following contribution from a reader by way of a rejoinder to remarks on the League of Nations made by C. D. Alcott, local newscaster for Station XMHA.

To The Editor:

The promotional and economical achievements of the League of Nations toward peace are superseded in the minds of most people by its failure to secure peace in fact; but can two decades be stacked against militant centuries? Is cynical derision, only twenty years later, the answer to those who actively aspired to a united world of peace and security?

Contemporary "isms" and "ists" have grown from the theoretical plans of humane and hopeful men. The responsibility for their minority, their change and reverse, lies in the lax hands of inactive disciples, in individual political and national economic greed and in mental monuments preserved to worn-out traditions.

There is a growing realization that those political policies and international laws which have their roots in unbalanced economics should be scrapped.

In order to plan for eventual security, it is necessary first, to understand and perceive the forces which form the world's fluctuating political, economic and cultural aspects. It is essential to collect a broad record of world events and statistical data in a miscegenational organization, in order to compile and furnish comprehensive information regarding human and national activities.

The work of the League's Economic Intelligence Office has so far constituted the raw material for economists, educators, philanthropists and legislators. Its labor relieves each national government of a considerable amount of work. The extra offices required by separate governments, with views necessarily bound upon their political policies, would be more doctrinal and consequently less valuable.

Though peaceful world cooperation, because of unbalanced economy, is still to be achieved, it is significant that many measures advocated at League committee meetings have been launched formally or informally by individual governments. Apart from the tremendous volume of technical, non-political and humanitarian business which the League handles, it serves as a center for exchange of views and as an open page upon which is tabulated the world's ludicrous economic unbalance.

Plans, estimates, general reports and numerial statistics are the executive foundation of efficient business. Surely the need for equal efficiency is apparent in order that the needs of human beings and nations can be supplied effectively and peacefully. Only the smallest beginnings have been made in considering for removal the causes from which disputes arise. To arrive at the ultimate object of a league for peace is a permanent task and must enlist the aid and cooperation of every citizen of every country.

Final international cooperation will only be achieved through proportional economic and territorial satisfaction. Nations whose fundamental means of livelihood are restricted by unequal tariffs and economic barriers will always be the troublesome or aggressor nations. There is no relief from continued war except by the realistic adjustment of the causes that lead to war.

There is little immediate hope of the rational settlement of these causes by contemporary governments who are, as yet, largely controlled by competitive individuals whose personal gain is the standard by which they progress. For this reason the advantages of a central organization, removed in some degree from active politics, is apparent. Here factual surveys are made, but no doctrines are proclaimed. Here succeeding years will build and spread greater knowledge for eventual security.

It is sufficient that the average man and woman be aware of the work in which the League is engaged: for awareness must automatically precede an understanding and appreciation of the value to every-day living of any central office, representative of all races and creeds and dedicated to the task of analyzing and preparing for publication, reports on the fundamental causes underlying our chaotic and unbalanced political and economic systems. And with that, Mr. Alcott, we are sure you agree.

M. K.

Shanghai, January 30, 1939

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

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CONDITIONS UP NORTH

To The Editor:

During a recent visit to Shanghai I was struck more by the utter ignorance concerning the war than by anything else. I was told gloatingly that it was all over and that Chiang Kai-shek was throwing in his hand, that the Japanese were already busy exploiting North China and the guerrillas there had been completely suppressed.

It almost impressed me, as I had only the home and the Shanghai papers to go by. But when I got up here I soon discovered that, although I had been away nine months, the Japanese had made scarcely any economic progress at all, and the guerrillas were actually in control of a much wider area of North China than when I left.

Peiping, it is true, is swarming with Japanese, but all of a very low class and without any capital. They are chiefly engaged in the drug business to the Chinese, or the cabaret, drink and girl businesses to their own people and the army. The more respectable shopkeepers will tell you that they have come over here to open business, because their business in Japan was ruined.

L. W.

Tientsin, January 15, 1939.

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JEWISH REFUGEES SHOULD BE WELCOMED AND ASSISTED HERE!

THE *Shanghai Evening Post & Mercury*, the sole American daily in the local afternoon field, distinguished itself ignobly on Monday of this week by raising a cry for the closure of Shanghai to future would-be Jewish emigrants fleeing from the bestial fury of the fascist persecutors of their race in Europe.

"Somehow it is going to be necessary to stop this influx," the paper said in a leading editorial, recommending an immediate session of the Consular Body to deal with the "alarmingly growing problem." The *Post* thus ranged itself alongside all those who express humanitarian sentiments where the Jews are concerned, but balk at giving practical aid—if that aid shows signs of costing them something.

The *Post* said there was something "almost terrifying" in the news that an additional 1,000 Jewish refugees will arrive here shortly on the Conte Biancamano. It does not seem to have occurred to the *Post* that it is much more terrifying to be a victim of Nazi hate and to have no place to which to escape, to know of no country willing to do more than express—like the *Post*—pious words of sympathy.

Since our contemporary is apparently concerned about a possible public expense angle of the local refugee problem, let it be pointed out that the recent Jewish arrivals in Shanghai have been taken care of, for the most part, by Jewish organizations and individuals, with such additional aid as could be garnered from other sources. Relief organizations abroad have helped, too. The refugees have cost our municipal treasuries exactly nothing. Why, then, the almost hysterical alarm?

Shanghai is one of the few spots on earth to which pitiful victims of Europe's totalitarian terror can still emigrate freely. The *Post* wants to close this last remaining door.

If Shanghai were threatened with an influx of forty or fifty thousand refugees from Germany and Austria there might be ground for apprehension, but the 1,200 who have arrived and the 1,000 more who are allegedly enroute, will not cause any special complications. Surely a municipality which has been able to weather one of the most notorious "salary grab" scandals ever staged anywhere, should be able to handle the problem of temporarily providing support for a few hundred, or even a few thousand refugees from Nazi terrorism. But, as stated in the foregoing, neither the International Settlement nor the French Concession has spent a dollar—yet—on the care of Jewish refugees. Also, neither settlement has strained itself financially to care for the millions of Chinese refugees who were driven into the foreign-administered areas by Japanese frightfulness. The support of these millions of unfortunate Chinese has been shouldered entirely by charitably inclined people in America and Britain, and by the Chinese people here and their government in Chungking. The authorities of the International Settlement haven't even had sufficient energy or humanitarian instinct to provide a "flop-house" for homeless people to sleep in at night—instead of on the sidewalks—in this winter weather.

We, obviously, have no desire to direct this subject into mercenary channels, but it is a fact—which strangely enough has not occurred to the *Post*.—that the Shanghai foreign settlements owe much of their prosperity to refugees. Shortly after the establishment of the Settlements in the middle of the past century, the Taiping Rebellion broke out and drove thousands of Chinese refugees into the foreign areas, thus providing, almost overnight, the dense populations which made these areas a paradise for real estate speculators. This situation, characterized by further influxes of Chinese refugees, was repeated at the time of the Boxer Rebellion in 1900, and again at the time of the first revolution in 1911, and after that the political disturbances were almost continuous through the era of the warlords from 1911 to 1927, and each one drove Chinese refugees into the foreign settlements with consequent increases in real estate values and rentals of property. Then along about 1917 the Russian revolution sent more refugees here—white men this time—and again Shanghai benefitted. Charitably-inclined foreigners and Chinese maintained soup-kitchens for a time but it was not many months before the Russians had dug in and found a new home for themselves here—contributing again to the prosperity and well-being of the city—particularly the French Concession, the chief street of which—Avenue Joffre—resembled a cow-path before the Russians developed it into a first-class retail center.

And now, the Jewish refugees from Germany (rather Austria) arrive, and Shanghai again will—or should—benefit in even greater measure than has been the case in the past, because these refugees do not come from the lower peasant strata, but from the trained and cultured middle and upper-middle classes. Most of them, if treated properly, should be able to establish a foothold in a comparatively short time. If handled intelligently, this new element in the population might be of greatest value in offsetting the demoralizing influence of the Japanese invasion. It is questionable whether the Consular Body has any power to interfere with the landing of Jewish refugees at this port, even though the consular officials might wish to do so. A more sensible and humanitarian suggestion would be for the Consular Body to advise the authorities of the Settlements to bestir themselves and help the unfortunate refugees to establish themselves here.

LIMA PACT WILL STRENGTHEN THE MONROE DOCTRINE

Despite adverse propaganda from European sources, the Pan-American Conference at Lima, Peru, which met on Dec. 24, was generally regarded as successful. The fact that the delegation from Argentina objected to the draft of a "declaration of solidarity," which had been prepared by Secretary of State Cordell Hull, and insisted upon its own, provided German and Italian propagandists with material for trying to discredit the Congress. The following were the chief accomplishments of the meeting:

1.—The Declaration of Lima, a sort of interlocking Monroe Doctrine for all American nations, declared that the American States "reaffirm their continental solidarity and their purpose to collaborate in the maintenance of the principles upon which solidarity is based;" that they "reaffirm their decision to maintain and defend them against all foreign intervention;" that whenever a crisis arises any American country can call for a meeting of all the other signers.

2.—Approved a non-binding resolution deploring trade quotas and exchange control (such as that practiced by Germany) pledging the nations to do everything possible to lower tariffs.

3.—Approved resolution recommending legislation in all American countries to prevent foreigners resident in the Americas from exercising collective political rights claimed for them by their countries of origin. The object was to prevent large foreign (German, Italian and Japanese) blocs from agitating for and obtaining so-called "minority rights," similar to the situation in certain European countries with regard to Germans.

4.—Adopted resolution unanimously condemning "all persecution from racial or religious motives which place a number of human beings in the impossibility of obtaining a decent livelihood.

5.—Recommended that all American ministers of finance meet annually to study inter-American financial and economic problems, where a scheme to reduce the dependency of many American nations on the business of European dictator States may be worked out.

6.—Recommended that a contest be held for an international 'hymn of peace' and that portraits of great patriots of all American nations be hung in each other's schools.)

Berlin and Moscow May Resume Military Cooperation

THE Japanese as members of the so-called anti-Comintern bloc, supposedly concerned with offsetting the influence and propaganda of the Comintern and communism generally, have recently been advocating that the anti-Comintern agreement be converted into a military alliance.

This suggestion from Tokyo, widely circulated by the official *Domei* service, was intended to counteract the intentions of the U. S. Government to fortify Guam and a number of other strategic naval and aviation bases in the Pacific. The Japanese have been trying for a considerable time to create the impression that the anti-Comintern bloc has a military background. On many occasions it has appeared that Japanese actions in the Far East were designed to coincide with the activities of her allies in Europe, Germany and Italy—as part of a world programme by the Fascist States.

There is nothing new about Japanese antagonism to Russia, or Japan's intentions to ultimately wage war on Russia in the Far East as she has done with China. Domestic propaganda in Japan constantly harps on the fact that the Japanese people, now deadly weary over the China war, must nevertheless brace themselves for renewed exertion because of the likelihood of a war with the Soviet Union. On Jan. 25, the Tokyo War Minister, Lieut. Gen. Seishiro Itagaki, declared that while Japan was concentrating her enter resources on the attainment of her objectives in the China campaign, the Japanese were, at the same time preparing for possible war with Russia.

Since the signing of the anti-Comintern pact, the Japanese military elements who were responsible for the pact, have tried to create the impression domestically and internationally, of their devotion to their Europan Allies even to the extent of trying to propagate German and Italian culture in Japan.

This situation in Japan provides interesting background for a recent development in Europe which, for obvious reasons, will be likely to cause consternation in Tokyo. The development concerns the possibility of the re-establishment of intimate relations including a possible military alliance between Moscow and Berlin. The information is contained in a article which was written by Demaree Bess who is well-known in the Far East as correspondent for the *Christian Science Monitor*. After several years in China and Japan Mr. Bess went to Moscow where he represented his paper until a few months ago when he transferred his headquarters to Geneva. He is now writing a series of articles for the *Saturday Evening Post* dealing with various phases of the European situation since the Munich accord.

According to Mr. Bess the real motive behind Anglo-French action at Munich was to direct Hitler toward a head-on clash with the Russians. Recent propaganda from Germany about the scheme to create a Ukranian State have tended to give the impression that the Anglo-French politicians were successful. Russia has practically been detached from France and is now without a ally in Europe. Hence it appears that British and French statesmen had practically told Germany to go ahead and carve up Russia just as she carved up Czechoslavakia with their consent and assistance.

According to Mr. Bess it is necessary to go back 16 years and recall the events of 1922 in order to understand the new development. At that time Germany and Russia were "joint occupants of the European doghouse" meaning that both were being treated as outcasts by the European victors of the world war. The Russians at that time had an idea that Germany was ripe for communism and various attempts were made to help the German Reds get the upper hand in Republican Germany. While these efforts were unsuccessful the results in the general relations of the two countries were quite sensational. Four years after the war had ended, both Russia and Germany, still outcasts, were beginning to reach out for connections with the outside world. Both Germany and Russia were desperately in need of out-side financial and economic assistance.

Some of the powers were disposed to help them so the victorious nations called an economic meeting at Genoa in Italy, in the spring of 1922, the object being to bridge over the gap between Soviet Russia and the capitalist nations. The German and Russian delegates were invited to the meeting.

But a startling thing happened. While the delegates of the powers were talkings things over at Genoa, the No. I Russian and German delegates slipped away to the near-by town of Rapallo and made a separate agreement, a supposedly economic agreement but it soon developed that it covered a significant Russo-German military development of deep significance.

Space is not available for a review of all phases of this startling development, but it was the Rapallo Treaty between Germany and Russia which gave Germany the opportunity to slip out of the shackles of the Verseille Treaty and re-arm. Under the Versaille Treaty, the victorious powers, led by France, established a firm hold on Germany. Germany was unable to re-arm because of the close watch which the allied powers maintained over German industries. The Germans, therefore, made a deal with the Russians and conducted their re-armament programme in Russia.

Young Germans were sent to Russia for training in all phases of military development from infantry to aviation, and included the manufacture and use of poison gas.

At a time when neither Germany nor Russia was in a position to build up strong military forces independently, this agreement permitted them to do so by cooperating. Germany had been thoroughly disarmed by the Treaty of Versaille, and could not create on her own territory even the nucleus for an offensive army. But the agreement with Soviet Russia permitted her to set up training centers on Soviet territary, where the future officers of Hitler's present army were trained over a period of years. Some of the German aviators and tank drivers who recently have been active in Spain undoubtedly were trained in the German aviation schools in Russia. Without Russian assistance, Germany could not so quickly have become the decisive factor in European politics which she is today.

On the other side of the picture, the Russian Red Army owes much of its present strength to German assistance. German instructors gave it its shape and German technical experts created most of its munition factories in Russia. Without German help at a time when assistance was not forthcoming elsewhere, it is doubtful whether Russia would have been ready in time (1931) to ward off the Japanese threat to her possessions in the Far East, thus turning the Japanese armies southward into China.

Chief facts concerning the previous friendly relations of Berlin and Moscow recited by Mr. Bess who was a correspondent in the U. S. S. R. at the time, provide interesting reading in the light of present developments, when outward appearances, at least, point toward an early conflict between the two countries. But as Mr. Bess indicated in his article, there is nothing that a dictator can do better than change his mind. Germany and Russia apparently had little difficulty in getting together at that time and apparently there is little to prevent them from doing so again. The later discontinuance of the agreement resulted in the closure of the German military schools. It also had to do considerably with the slaughter of Red Army officers who were involved in plots to get rid of Stalin. As a matter of fact the fateful decision to break up the Russo-German military alliance played a considerable role in subsequent explosions both in Germany and in Russia. In both countries, disputes over the Soviet-German entente aggravated differences of opinion which were already acute and precipitated conspiracies which had already taken partial form. The denouncement of the conspiracies in both countries revealed how essentially similar is the mechanism, at least, of these two ideological despotisms.

The first big explosion came in Germany in 1934 but the military agreement was not definitely scrapped until the late summer of 1935. The German aviation school near Moscow was definitely closed late in 1935 but German technicians continued to work in Soviet munitions and military-aircraft factories for a long time after that. According to Mr. Bess the mose credible explanation yet offered for the Red Army purges was the first-hand account by Erich Wollenberg, a German Communist who escaped from Russia in 1936. His revealations were published in a book last summer. It seems that Stalin' secret police uncovered the conspiracy among civilian Bolshevik leaders almost a year before Stalin suspected that members of the general staff of the Red Army were implicated. The connection between civilians and military conspirators was not revealed until January 1937, when Karl Radek, the Soviet journalist, purchased his life by turning state's evidence. It was brought out that the plot had advanced to the stage where picked regiments had been assigned to seize the Moscow Kremlin and the principal government buildings in the capital and other cities. It was claimed that the conspiracy as finally worked out, involved almost two-thirds of the leading Soviet civilian officials and half of the leading army officers.

Quoting further from Mr. Bess's conclusions, the Peace of Munich has brought about a new situation. Germany is now completely dominant in Central and Eastern Europe and can make up her mind at her leisure whether to go ahead with the campaign against Russia outlined in Herr Hitler's book, "Mein Kampf", or whether to make another deal with Russia such as she made at Rapallo. Germany's decision in this respect cannot be predicted with any degree of confidence. It depends upon all sorts of factors inside Germany and inside Russia and inside the Western European democracies whose conservative governments have gambled on the prospects of a Soviet-German war.

Mr. Bess said that Germany had never experienced any difficulty in dealing with Soviet Russia, whereas all democracies have. The two systems share in common their closed economy, their blocked currency, their one-party—no-opposition political system, their brutal suppression of every form of free speech and free press, their complete regimentation of all citizens. Both are militarized police powers which speak each other's political language.

Further startling evidence of the similarity of the attitudes of the two Powers toward property was provided in a recent article in The New York *Times Magazine* by the writer Calvin B. Hoover. In Russia the October 1917, revolution almost completely abolished private property. In Germany the Nazi system—at first—permitted stocks and bonds, farms and personal possessions to remain in the hands of the owners. But the Nazi rulers moved in more sinister manner. All that was necessary was that the Government dominate the elections of the boards of directors. This activity was facilitated by the alleged necessity of "eliminating Jews and other anti-social elements from control of the economy. Today in Germany no industry can earn profits or declare dividend without the consent of the Government. If dividends are earned, they may be paid out as a contribution to the export subsidy fund, or be used to build a new synthetic rubber plant, or be invested in government bonds. When profits are paid out to security holders the purposes for which the funds may be used are severely circumscribed. They cannot be used, for example, to purchase imported luxuries. In other words while there has been no outright confiscation of business or private property in Germany, control by the Government has produced an effect not greatly different from the situation in Russia where private property was completely taken over by the Government. As a matter of fact while Germany, due to the great need for funds to meet military expenses, has been moving toward controlled economy, there has been some extension of private property rights in Russia. Workers of superior skill may now earn higher salaries than ordinary laborers. High officials are given monetary rewards and everybody who has any money buys government bonds. While this does not mean a restoration of private ownership, it certainly is in conflict with the communistic principle of income distribution according to need. In Stalinist Russia, the workers on collective farmers have practically been given joint ownership in the farm-corporations. In Germany there recently has been agricultural development closely resembling the Soviet collective farm idea as a means of stimulating food production.

That these developments in Europe are of tremendous significance in the Far East goes without saying. In the Shanghai newspapers this week there appeared a small item which deserved more prominence than it received. It was sent from Berlin by *Reuters* (not Transocean) and told of a delegation of German

business men and industrialists who were planning to leave shortly for Russia, the object being to arrange delivery of raw material from Russia in exchange for German manufactured goods. On the other hand, the permanent Soviet trade Delegation in Berlin which had been cut down in the last few years from 230 persons to 30 is now expected to be restrengthened, according to the *Reuter* report.

Scarcely a day has passed since the signing of the anti-comintern pact when the Far Eastern world was not reminded of Japan's deep devotion to the high policy of eliminating communism from Asia. Recently the War Minister announced in the Diet that it would be necessary for Japan to maintain large garrisons in China in order to prevent the growth of communism. Now, one wonders, in the event Japan's partner in the anti-comintern pact, decides to "go back to Moscow," possibly to the extent of a military alliance, what the reaction in Tokyo will be? Also, how will Nazi Germany explain this to Tokyo? While the resumption of close relations between Berlin and Moscow will send cold shivers down the spines of Anglo-French statemen, this is nothing to what would happen in Tokyo. Recently the newspapers have made much of conferences of Japanese diplomats in various European capitals. Is it possible that the new tendency toward a realignment of forces between Russia and Germany has been the main subject of discussion at these conferences?

Herr Hitler as the "Man of 1938"

THE well known news-magazine *Time*, published in the United States, has for several years conducted a competition in its correspondence columns for the "man of the year," that is, the man who has been most prominent in the world's news for the preceding 12-months' period. The man selected is honored by having his picture printed on the front cover of the magazine in the first issue of the New Year.

Last year the honor of "Man of the Year" went to Gen. Chiang Kai-shek—and Madame Chiang—as the outstanding personages of the year.

In selecting the outstanding "Man of 1938" practically all readers of the magazine agreed on the selection of Hitler as the outstanding personage, but while recommending him for the "honor" most of the letters deplored the necessity of printing his picture on the front cover of the magazine. The editor of *Time* in appraising Hitler said.

"The man most responsible for this world tragedy is a moody, brooding, unprepossessing 49-year-old, Austrian born ascetic with a Charlie Chaplin mustache. The son of a petty customs official, Adolf Hitler was raised as a spoiled child by a doting mother. Consistently failing to pass even the most elementary studies, he grew up a half-educated young man, untrained for any trade or profession, seemingly doomed to failure. Brilliant, charming, cosmopolitan Vienna he learned to loathe for what he called its Semitism; more to his liking was homogeneous Munich, his real home after 1912."

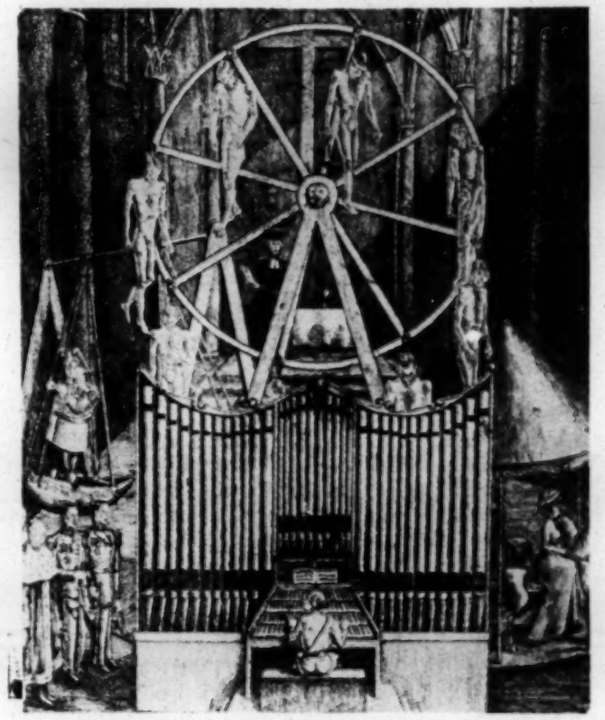
Space is not available for a complete reprint of *Time's* appraisal of Hitler and his works from 1919 when he became one of the first members of the German Labor Party. Most of his political tactics he learned from his Communist opponents, particularly the idea of the gangster-like party storm troopers and after this the principle of the small cell groups of devoted party workers. His success resulted from the "situation which gave rise to this demagogic, ignorant, desperate movement inherent in the German Republic's birth and in the craving of large sections of the politically immature German people for strong, masterful leadership.....Germans love uniforms, parades, military formations and submit easily to authority.....Hitler turned the Reich inside out.....Unemployment was solved by: (1) a far-reaching program of public works; (2) an intense rearmament program, including a huge standing army; (3) enforced labor in the service of the state (the German Labor Corps); (4) putting political enemies and Jewish, Communist and Socialist job-holders in concentration camps."

Referring to Hitler's treatment of Germany's 700,000 Jews—largely responsible for the country's output of poetry, prose, music, philosophy, art—"they have been tortured physically, robbed of homes and properties, denied a chance to earn a living, chased off the streets. Now they are being held for 'ransom' a gangster trick through the ages. But not only Jews have suffered. Out of Germany has come a steady, ever-swelling stream of refugees, Jews and Gentiles, liberals and conservatives, Catholics as well as Protestants, who could stand Nazism no longer . . . . . Germany has become a nation of uniforms goose-stepping to Hitler's tune, where boys of ten are taught to throw hand-grenades, where women are regarded as breeding machines.

Hitler received his original support from the big land-owners, big businessmen, and the Army. Most cruel joke of all has been played on the businessmen, capitalists as well as small-fry. The Nazi credo that the individual belongs to the state has been applied to business. Some businesses have been confiscated outright and a heavy capital tax has been applied to others. Profits have been strictly controlled.....hardpressed for food-stuffs as well as funds, the Nazi regime has taken over and in many instances "collectivized agriculture, a procedure fundamentally similar to Russian Communism.

Germany has become one of the great military powers of the world....."but other nations have emphatically joined the armaments race and the poser is: Will Hitler fight when it becomes definitely certain that he is losing that race.....it is likely that the Man of 1938 will also make 1939 a year to be remembered.

Man of 1938—German View



By Rudolph Charles Von Ripper—Time, Jan. 2, 1939.

The above is a photographic reproduction of an etching showing Organist Adolf Hitler playing his hymn of hate in a desecrated cathedral while victims dangle on a St. Catherine's wheel and the Nazi hierarchy looks on. The picture was painted by a 33-year-old Austrian, Baron Rudolf Charles von Ripper, an "Aryan" and devout Roman Catholic, who, in the winter of 1933-34 spent three and a half months in a Nazi political prison on a charge of high treason. He was finally rescued from Nazi beatings by the Austrian Government.

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Another report (*Chicago Tribune*) from Berlin forecasted the early cancellation of the concordat signed in 1933 to regularize the relations between the Vatican and the Nazi state. It was reported that a number of new laws directed against the Roman Catholic church are being prepared by Hans Kerri, Nazi minister for Church affairs. One of the decrees will call for confiscation without compensation of all Catholic church property acquired since 1918. Another decree will restrict the number of Catholic students in German universities. The number of students allowed to study Catholic theology will also be reduced to a minimum. Of 26,000 high school boys who left school at Easter, 1938, 4,000 went into the armed forces as officers, while 4,700 studied engineering. A total of 1,100 became theological students. Friction between the Nazis and the Catholic church has continued despite the concordat, primarily because the Catholics would not relinquish the training of Catholic youth to the Nazi state. The Pope also formally protested to Berlin against the application of Nazi sterilization laws to Catholics, and in addition the Pope protested Nazi interference with

freedom of the Catholic press in Germany. Nazi antagonism to the Catholic church spread to Austria immediately following the annexation when a mob of 5,000 Nazis stormed the palace of Cardinal Theodore Innitzer. Archbishop of Vienna. The Nazis were angered because the Cardinal had protested against government interference with the church.

Reports from Berlin since the first of the year have indicated a great increase in the number of pastors banned from executing their duties in the Protestant Church also. Some 130 have been removed from office, 40 banned from preaching, 11 expelled from their parishes and four have been sent to prison, including Pastor Martin Niemoller, head of the Confessional Church who has been in a Nazi concentration camp since July 1, 1937, and Schneider Dickenscheid, imprisoned since January, 1938.

Two Well-Known Americans Retire from China

Charles R. Bennett, for more than 30 years connected with the National City Bank, chiefly in the Far East, and Fred L. Robbins, connected with the firm of Parke, Davis and Company for approximately 40 years, are retiring from business and returning to the United States this month. Both have been the recipients of numerous farewell receptions and dinners in recent weeks. Mr. Robbins, who is a native of South Acton, Mass., is planning to return to the place of his birth, following a trip around the world. After graduation from the Boston School of Pharmacy, he joined the pharmaceutical firm of Parke, Davis and Company at the age of 24 and has been with the company continuously since. He came to China in 1911 and was largely responsible for developing the business to its present extensive proportions. Mr. Robbins will be succeeded by H. V. Stokely, who has had charge of the Hongkong office. He will be assisted by S. J. Toone, who has charge of the local chemical factory.

Retiring

Charles R. Bennett (left) and Fred L. Robbins, long residents of China who are retiring from business and returning to the United States this month. The picture was taken at a recent farewell luncheon given Mr. Robbins by friends at the Shanghai Club. The Chairman was Judge Milton J. Helmick and an address was delivered by H. F. Payne of the American Bank Note Company.

Charles R. Bennett, who was born at Yarmouth, Maine, received his education at Bowdoin College, graduating with the B. A. Summa Cum Laude degree. He joined the foreign staff of the old International Banking Corporation, which was later taken over by the National City Bank of New York. He came to the Far East in 1909 after previous service in New York and London. After working in branches of the bank in Kobe, Hongkong, Canton and Shanghai he became manager in Peking in 1917 and remained there until 1933 when he was transferred to Shanghai as Assistant Manager of the head office of the bank here until 1936.

In December, 1936, Mr. Bennett retired from the bank to become representative in China of the American Banking Group in the China Consortium, and also treasurer of the China Foundation for the Promotion of Education and Culture, of which he had been a trustee since its establishment in 1924. This organization has had charge of the administration of the American portion of the Boxer Indemnity together with various trust funds for educational work in China, including the Tsinghua University Endowment. He also served as a trustee of the Peiping Union Medical College.

After the outbreak of the Sino-Japanese hostilities and the inauguration of extensive relief activities in China, Mr. Bennett has served as treasurer of various relief funds, including the American Emergency Committee, American Advisory Committee for Civilian Relief (Red Cross), Shanghai International Red Cross, American Advisory Committee for China Famine Relief, Finance Committee for the Shanghai Anti-Tubercular Committee. Mr. Bennett has also been a member of the Municipal Board of Education and a member of the Board of Mercy Hospital.

Mr. Bennett has been active in China chapters of the Masonic Lodge and is a 32nd degree Mason. He was awarded the Third Class Chia-Ho Decoration by the Chinese Government. Mr. Bennett was married in 1908 to Miss Mary Dudley Freeman, a graduate of Smith College. They will also return to their home city following an extensive trip.

Petty Taxes to Be Abolished by Ta-Tao

The pernicious system of taxes, resembling the old likin imposts, which have been enforced by the Japanese military authorities on the borders of the International Settlement and French Concession since the occupation of this area by the Japanese Army, were to be officially abolished on Feb. 1, according to an announcement on Jan. 27. The announcement, which was signed by "Mayor" Fu Siao-en, stated that petty taxes which had been levied on hawkers and pedlars selling foodstuffs and other goods within the limits of the Ta-Tao administration had been abolished. The announcement, without mentioning that these imposts had been enforced since the Japanese occupation, declared that distress among farmers, laborers, merchants and other residents, was responsible for the decision to abolish the taxes. It was declared further that no more heavy taxes or levies of any kind would be enforced and persons observing a violation of the ordinance were urged to report same to the police.

The taxes, usually amounting to 20-cents on each basket of vegetables brought into the foreign settlements were collected by Japanese sentries on the borders of the foreign-administered areas. The collection of the taxes was a frequent source of dispute resulting in Chinese being beaten and on one or two occasions stabbed by bayonets in the hands of the Japanese sentries.

U. S.—Japanese Cotton Interests Make Deal

A desire to head off possible American reprisals against Japan for restrictions on American activities in China, was supposed to have been a chief motive in Japan's anxiety to extend a curious trade pact entered into between American and Japanese cotton textile interests early in 1937. The original agreement was entered into by Dr. Claudius T. Merchison, president of the American Cotton-Textile Institute, in order to limit Japan's sales of cotton goods in the United States. The rapid increase of imports of Japanese cotton textiles from 1,115,000 square yards to 155,000,000 square yards into the U. S. in the four year period dating from 1933 had caused considerable alarm in American cotton textile industrial circles. Under the new arrangement the Japanese will be permitted to import into U. S. 100,000,000 sq. yds. annually in 1939 and 1940, which is a considerable reduction from the quota for 1937-1938 which was 127,500,000 sq. yds. a year. The Japanese who participated in in the signing of the trade pact included H. Yoshida, Mitsui and Company; T. Inouye, Commercial Secretary of the Japanese Embassy; B. Oshima, Japanese Embassy. Americans who participated, in addition to Dr. Murchison were F. S. Blanchard, Pacific Mills; Col. G. E. Buxton, Androscoggin Mills; P. B. Halstead, Cotton-Textile Institute; H. L. Bailey, Wellington, Sears and Company; R. W. Philip, *Cotton Trade Magazine*.

Japan Will Not Pay For Any War Losses

Japan "on principle" does not intend to indemnify third-party Power nationals for losses sutsained as a result of Japanese military operations, Mr. Hachiro Arita, Foreign Minister, announced in the Diet Feb. 1.

Replying to an interpellation by Mr. Koichi Seko, Seiyukai, the Foreign Minister declared that while Japan would respect "as far as possible" the rights and interests of third-party Powers in China, she was not prepared to pay indemnity for "war losses."

This statement of policy, regarding a question of vital interest to neutrals in China, aroused widespread comment. The Japanese Government, authoritative circles in Tokyo revealed contends that third-party Power nationals owing property in China should bear, in the same manner as Chinese property owners, losses caused by military opreations. Particularly, losses inflicted upon third-party property in the three circumstances outlined below, could not be made the subject of claims for indemnity:

1. Damage sustained by third-party Power property used by the Chinese for military purposes;

2. Damage sustained as a result of military operations in zones of battle and areas adjoining such zones.

3. Damage sustained as a result of operations dictated by military necessity for the successful conduct of military operations in zones of battle and adjoining areas.

Kuomintang Session Establishes Supreme War Council

CHINA emerges from the 5th Plenary Session of the Kuomintang Central Executive Committee at Chungking with brighter hopes for the future and firmer determination to prosecute the war to the end.

The most important decision reached at the session was the establishment, under the chairmanship of Generalissimo Chiang Kai-shek, of a supreme National Defence Council, which is designed to unify the command of party, military and political affairs and, particularly, to facilitate the direction of military operations. The new organ will also take over the functions formerly exercised by the Central Political Council.

Another significant decision was the creation of a Frontier Ministry, the purpose of which is to bring closer the relations between the National Government and the border provinces and to enhance their political and economic development. Other resolutions included: improvement of party organs and methods of party work, control over productive enterprises in western provinces, improvement of the conscription system, formulation of war-time financial and currency programs, promotion of native handicraft industry, readjustment of local financial conditions, improvement of foreign trade and promotion of cooperative enterprises.

The Session has brought about a further consolidation of political unity, as evidenced by the renewed pledge of support made by the Chinese Communist Party to the Kuomintang. In foreign affairs, the policy of cultivating closer relations with various friendly Powers was reaffirmed.

Manifesto Issued

In a manifesto issued after its close, the Session declared: "We desire the creation of a centralized party, political and military machinery so that party and political activities may be closely coordinated with military operations. Therefore, we hereby establish, under the National Government, the National Supreme Defence Council."

The manifesto also emphasized that the Kuomintang would welcome cooperation with any political party, so long as it adhered to the Three People's Principles. Although no specific mention of the relationship between the Kuomintang and the Chinese Communist Party was made, the manifesto rejected the proposal of dual membership of both parties.

On this point, the manifesto declared: "We do not wish to see the existence of a dual party membership within the Kuomintang, for we can not permit the revolutionary work of the Kuomintang to be retarded on account of a lack of firmness in the belief on the part of the Kuomintang members."

Turning to international affairs, the manifesto emphasized that China not only supported the policy of the Open Door and equal opportunity, but desired, under the principles of equality and mutual assistance, to participate in any intenrational mutual assistance alliances.

Expressing China's appreciation and gratitude to foreign governments and peoples, not only for their material and financial aid to China, but also their moral support during the present crisis, the manifesto said: "Such friendly gestures will never be forgotten by us." The document especially referred to President Roosevelt's declarations regarding the upholding of the Nine-Power Treaty and also the statements made by the British and French governments on the same subject.

The following personnel changes were made at the Session: Yeh Chu-tsang, secretary-general of the Central Executive Committee, appointed concurrently director of the Publicity Council, succeeding Chou Fu-hai (who had fled with Wang Ching-wei); Wang Fa-ching, veteran Kuomintang leader, elected member of the Standing Committee of the C.E.C., succeeding Chen Kung-po (another Wang follower).

The Session was featured by a firmly-worded address delivered by General Chiang Kai-shek. The address was characterized by an irrevocable determination not to compromise with Japan, a reiteration of confidence in China's ultimate victory and a reasoned exposition of the causes for Japan's eventual failure in her China adventure.

Generalissimo's Address

Gen. Chiang declared that the aim of China's campaign of resistance was to preserve her national life and freedom and to uphold international jutsice and democracy. China could never make a compromise with Japan, he said, because this step would inevitably lead to the extinction of the country.

Continuing, Gen. Chiang asserted that as the result of the hostilities in the past 18 months, Japan had already been defeated, but her defeat would be more crushing and complete. In support of his assertion, the Generalissimo said that Japan's military activities in China had been carried out contrary to the original Japanese plans, as laid down in the Tanaka Memorial, for the execution of her so-called continental policy. Gen. Chiang cited as instances of deviation from the original plans, Japan's failure to achieve undisputed control of Manchuria and Mongolia and the extension of her military activities to Central and South China.

Recaptitulating the events in the past 18 months, Gen. Chiang said China's prolonged resistance completely upset Japan's original expectation of a quick and decisive victory. After suffering some 700,000 casualties in her armed forces and wasting some Yen 9,000,000,000, Japan was surprised to find that, far from falling to her knees, China was resisting more forcefully than ever.

Since the failure of her plans for a war of quick decision, Japan had tried in vain to induce China to conclude peace at once. The Chinese government and the Chinese people were firmly opposed to any compromise with the enemy and were determined to continue the resistance until the ultimate victory was won.

One of Japan's principal weaknesses was her ignorance of her adversary's situation as well as her own situation. Risking everything in a reckless gamble, she was driving deeper and deeper into China's vast interior, and was finding it difficult to extricate herself from the Chinese mire.

Japan's political tactics had also failed, as indicated by the failure of her puppet regimes, composed of discreditted Chinese politicians, to win the support of the masses and her isolation in the diplomatic field. Japan was also ignorant of Chinese history and the immense latent strength of the Chinese people, as well as the progress of China's national revolution. The masses in China were firmly behind the government in resisting the invaders and fully confident of the ultimate victory.

In conclusion, Gen. Chiang urged that the spirit of national unity be strengthened and enhanced, and that efforts be redoubled to develop agriculture and promote reconstruction so as to augment the country's power of resistance.

Ex-Reds Renew Pledge

In a message to the C.E.C. Session, the Chinese Communist Party reaffirmed its fullest support to the Kuomintang for the prosecution of the campaign of prolonged resistance against Japan. The message expressed unreserved approval of Gen. Chiang Kai-shek's address on Dec. 26 last year, which rejected Prince Konoye's peace proposal and reiterated the government's determination to continue the war of resistance. Kuomintang-Communist cooperation and national unity were inter-related and inseparable, the message declared. A united China was capable of defeating all enemy machinations.

Under instructions of Generalissimo Chiang Kai-shek, the Ministry of Economic Affairs is taking immediate steps to store up food for ten years to meet the prolonged resistance against the Japanese invasion. A sum of $200,000,000 will be appropriated to finance the project and the Central Credit Bureau has been ordered to make purchases of rice both in China and abroad.

Gen. Chiang, in a message addressed to the International Anti-Aggression League now meeting in London, pointed out that there was no limit to Japan's aggression, but China's resistance grew stronger as the war went on. The message expressed the hope that the League would carry on its work and, in co-operation with China, eliminate Japan's menace to world peace.

Commenting on the statement made by the Japanese premier Baron Hiranuma in the Diet, that it must take some time before a new order in East Asia could be realized, Chinese newspapers at Chungking saw in it an indication that Japan was rapidly approaching the end of her resources and was no longer confident of her success in China.

To mitigate the disappointment of the Japanese people in the results of the China adventure, the bellicose war minister, Lt.-Gen. Itagaki, declared in the House of Representatives that the Japanese forces were prepared for a prolonged stay in China. Itagaki denied that the Japanese army intended to evacuate Central and South China. Such rumors, he said, had been current since Dec. 22, when Prince Konoye, former premier, asserted that Japan did not harbor territorial ambitions in China.

The Japanese Program

Hachiro Arita, Japanese foreign minister, declared in the Upper House that the Nine-Power Pact was out of keeping with the new situation in the Far East and intimated that the Japanese Government might denounce the treaty.

Education Minister Gen. Araki stated that, "to establish lasting peace in the Orient, it is vitally necessary to uproot the foundation of Gen. Chiang Kai-shek's anti-Japanese education which has been enforced for the past 20 years." He added that it "would be difficult to establish peace in the Orient unless the *San Min Chu I* was uprooted.

An important conference was held at Nanking on Jan. 11 by Japanese military and naval authorities. The following measures were reported to have been decided upon:

(1) Increase of Japanese troops in Central China to 15 divisions,

(2) Transfer of all "Manchukuo" and Korean troops to Formosa for a period of special training,

(3) Construction of military bases in Central China at a cost of Yen 10,000,000,

(4) Continued offensive attacks in both Central and South China, so as to divert the attention of the Chinese leaders,

(5) Suppression of guerrillas in Central China,

(6) Japanese naval authorities to take over the garrison duties both on banks of the Yangtsze River, and

(7) Continued heavy bombing of the

important cities behind the Chinese lines.

Ho Tsan, puppet "Mayor" of Hangchow, who was attacked by two unidentified gunmen and seriously wounded, died of his wounds.

A new puppet regime to be known as the "Southwestern Government," similar in organization to the provisional and reformed regimes, was being planned by the Japanese at Canton, according to *Domei*.

The rumor that the authorities of the International Settlement and the French Concession might recognize the puppet Shanghai municipal regime was generally discredited. A Chinese member of the Shanghai Municipal Council declared that Chinese Councillors would resign *en bloc*, if the S.M.C. should give recognition to any puppet regime.

Moo Ngoh-hung, puppet official connected with the Nanking regime, was assassinated at the Sun Sun Hotel in Shanghai last week.

Shanghai War Anniversary

The Seventh anniversary of the outbreak of the 1932 Shanghai hostilities was appropriately observed in Shanghai. In commemoration of the occasion, all Chinese shops and public organiztaions in the two foreign-administered areas flew the national and Kuomintang flags at half-mast and all Chinese amusement houses were closed for the day. Political slogans were placarded in various parts of the two areas and pamphlets scattered around, urging continued resistance against Japanese aggression.

Gen. Tsai Ting-kai, formerly commander of the 19th Route Army, which fought the 1932 war against the Japanese, declared in an interview at Chungking that the Shanghai war was a minor affair, on which no national policy could be based. He said he was sure of a Chinese victory in the present conflict, as in respect to both the domestic and international situations China had won an upper hands.

Confidence in ultimate success of the present campaign of resistance was expressed by O. K. Yui, mayor (*in absentia*) of Greater Shanghai, in a statement issued on the occasion at Hongkong. Mayor Yui urged the Chinese people of Greater Shanghai to redouble their efforts in overcoming the present national emergency, under the leadership of Generalissimo Chiang Kai-shek.

Mass meetings commorating the occasion were held in Chungking, Chengtu, Kunming, Kweilin and other cities.

The Moratorium on Customs-Secured Foreign Loans

BY YU MEI CHEN

JUSTLY speaking, holders of foreign loans secured on Customs revenue should not be surprised by the recent statement of the Chinese Ministry of Finance, declaring that the government will no longer advance money to make good the shortage caused by the detention of part of the revenue collected in Japanese-occupied areas and that the government will only bind itself to pay that proportion of the whole represented by the ratio between what is collected in areas still under Chinese control and the total Customs revenue of the country.

The Chinese government, after having pronounced illegal the Anglo-Japanese agreement on the Customs issue, which not only infringes upon her sovereign dignity but also violates the treaties and agreements already concluded between China and foreign nations, has taken steps to maintain her credit abroad by advancing money from Shanghai banks. While more and more coast ports are being invaded by the Japanese, Customs receipts that go to the Chinese government constitute only 20 per cent of the total collection, and every bondholder can reasonably expect that, despite desperate efforts in the past to meet loan obligations, a situation will eventually arise where China will no longer be in a position to make further advances—a policy which, even if successfully carried on, is by no means a wise one. To borrow the expression in an editorial in the *North-China Daily News*, it is one of "poor politics and worse business."

Japan's Unlawful Act

We must not forget that it is on the Customs revenue that foreign loans are secured and that the bondholders have an out-and-out claim on it. If the Chinese government, in ordinary times, declines to meet loan obligations when there is sufficient revenue, every nation concerned will be perfectly justified in lodging a strong protest against such an action. The present situation, however, is that, instead of the Chinese Government, a third nation, not being satisfied with getting its own share, has unlawfully detained the whole revenue collection.

It is, therefore, clear to whom the protest of bondholders should have been made. China is not in a position to assume responsibility for repayment of Customs-secured loans from sources other than Customs revenue. On this ground, the British would have been quite justified in approaching the Japanese, who have made a seizure of Customs revenue, for a satisfactory settlement, if they had not sacrificed Chinese Customs administrative rights as a *quid pro quo* in exchange for their legal claim.

Unfortunately, the British policy of compromise resulted in an agreement entirely unacceptable to the Chinese government. Although this agreement was never recognized by the Chinese government, it has produced very bad results. The Japanese never carried out in practice and have failed to service the foreign loans. Need we to point out that, thanks to the Anglo-Japanese Agreement, the Customs service has virtually become a "Reformed Government" institution? The Shanghai Customs revenue since May 1, 1938 was deposited with the Yokohama Specie Bank; the Customs tariff was revised; unlawful superintendents were appointed; and, as a climax, the five barred flag has been flying over the Shanghai Customs building since November 4, 1938.

Japan's Alibi

Toleration after toleration—how much more can we expect the Chinese government to sacrifice for servicing her foreign loan obligations? It is contended that the £400,000 on account of the Boxer Indemnity, being arrears on the Japanese portion, and $25,000,000, being Shanghai Customs revenue collected from January 1 to May 1, 1938, has not yet been transferred to the Yokohama Specie Bank. This is the only excuse given for the detention of Customs revenue now in the custody of the Yokohama Specie Bank and which amounts to several times the sums referred to.

As to the first amount, the Chinese government has been withholding it as a belligerent nation against her enemy, lest it should be used against herself. As to the second amount, it is obvious that, in view of the prompt servicing of loans, the Hongkong and Shanghai Banking Corporation, with which the money is now deposited, is a safer place for its custody. In this connection, we have to point out that Customs revenue deposited in the Yokohama Specie Bank is, strictly speaking, not a deposit in the ordinary sense of the word in so far as the Customs Commissioner has no right to draw the money at his will. This contention, therefore, does not furnish sufficient reason for the detention of Customs revenue against loan claims. Even if the Japanese get complete control of the Customs, it is still doubtful whether they will honor their promise. Nine out of ten chances, they will simply invent another reason to refuse payment. The Manchukuo Customs issue is a good example.

Obviously, the futility of the Anglo-Japanese negotiations does not lie in the non-recognition on the part of Chinese government of the agreement concluded by them. It lies in the *bona fides* of the Japanese. Efforts made by bondholders, who try to induce the Chinese government to yield to Japanese claims, are decidedly misdirected. They should realize that, if they cannot lay a strong claim on the revenue, no matter what concessions in respect of Customs Administration they may be prepared to grant, the Japanese will not be grateful enough to meet the claim. On the contrary, such concessions would simply serve as an additional inspiration for the Japanese to seize the revenue. If no concerted action on the part of bondholders is forthcoming, and no strong claim on Customs revenue laid, how can one expect the Japanese to surrender that part of the revenue which they consider more as war spoils than a loan servicing fund? In my opinion, to safeguard their own interests, the bondholders should stand firm on the following two principles:

Two Principles

First, the Customs revenue should be deposited with the Hongkong and Shanghai Banking Corporation. As has already been pointed out, the Customs revenue in the Yokohama Specie Bank is only a nominal deposit. Since there is no fear of its withdrawal, the Japanese might make use of it in whatever way they like—whether to finance this aggressive war in China or to undermine Chinese national currency or even for the promotion of their monopolistic enterprises, the success of any of which would mean nothing but the closing of China's door against foreign investments. There is no guarantee at all that this will not be the case.

Secondly, the Chinese Customs service shall be made a Collector of Loan Service. The Inspector-General of Customs shall be authorized both by the Chinese government and interested powers to assume responsibility for the collection of Customs revenue and the servicing of foreign loans. If, in the course of performing his duties, he should meet with outside interference, such interference would be best met by strong concerted action on the part of the powers concerned. There is ample experience to prove that only by a united front of both a diplomatic and economic nature can the interests of the bondholders be secured.

The realistic policy of compromise has received a strong blow in Europe. Herr Hitler demanded the return of Kenya as a reward for British help in annexing Sudetenland. Do we expect this policy to work better in the Far East? Perhaps the democratic powers have been too well taught in the past few years the bitter consequences of their cynical national individualism and will no longer expect mercy from the aggressors.

The total Customs collection of the country during last year is more than enough to defray all the loan obligations—why should there be a part moratorium? Simply because the bondholders do not know how to make good their claim!

China Fights and Rebuilds Simultaneously

BY C. Y. W. MENG (孟長泳)

300 FACTORIES OPERATING INLAND

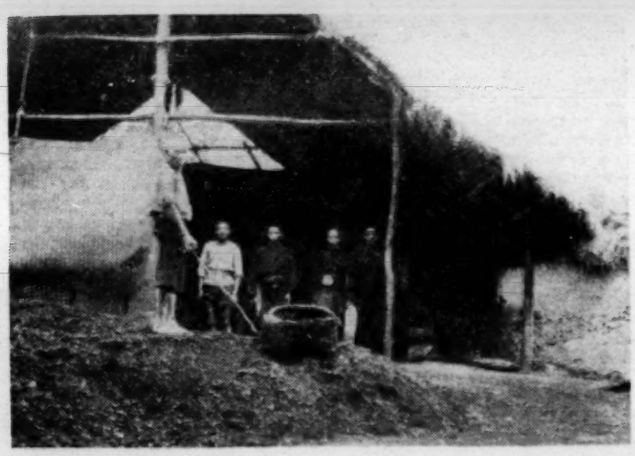
More than 300 modern factories, formerly concentrated in the coastal cities, are now operating in the interior behind the Chinese front lines, according to an announcement from Chungking by the Ministry of Economics. Of this number, more than 50 are situated in Szechwan province. Most of the plants are turning out machine tools and weaving and spinning products. The Ministry states that two weaving and spinning factories, each with more than 2,000 spindles, are now operating in Szechwan. Two coal mining companies formerly operating in South China have commenced operations in Szechwan.

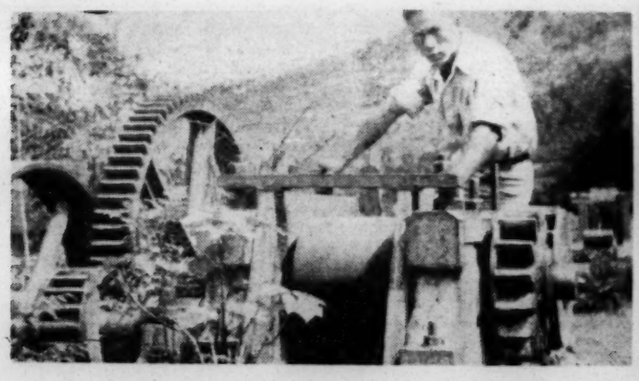
BY fighting, we mean the sacred war of resistance against Japanese aggression which 450,000,000 Chinese are now prosecuting in order to preserve world peace and civilization, to uphold the sanctity of international agreements, to vindicate international justice and achieve national salvation. By reconstruction, we mean the internal rebuilding, political, economic, social, military and cultural, which China is now engaging in. What surprises observers is that the war against the aggressor and the work of internal reconstruction are taking place simultaneously.

The war does not in any way represent an insuperable barrier to the internal development of China. Present-day Chinese policy is decidedly not one which regards "peace" as of paramount importance. Putting it another way, the tasks of internal reconstruction are more important than actual military operations against the foreign invaders. China will never sign a "Brest-Litovsk Treaty" in order to secure peace, so that internal reconstruction can go on.

On the contrary, Chinese policy accords equal place to both things. While undertaking one, it does not overlook the other. Two birds are being killed with one stone. On the one hand, China is moving to liquidate the long overdue account with her traditional enemy, which dates back to the signing of the Treaty of Shimonoseki in 1895, to drive the enemy out of the country and to free herself from the menace of Japanese aggression once and for all. On the other hand, China pursues the aim of national unification and reconstruction, remembering well that Germany was not united until the Franco-Prussian War of 1870, the United States until the Spanish-American War of 1898, and Japan—now China's enemy—until after the Sino-Japanese War of 1895 and the Russo-Japanese War of 1905.

China's Industrial Cooperative Movement Under Way





These pictures illustrate the budding industrial cooperative movement in China, referred to in the accompanying article. Top, left, weighing shed of a surface coal mine in Shaoyang, southwestern Hunan. This miners' cooperative employs about 100 men directly and depends on a rich vein only five feet below the ground. Top, right, shows gold panning in northern Fukien. This source gives 50 cents to $1 per day to the miners and many such cooperatives are springing up along the little-known streams of China's southeast as gold deposits are discovered. Lower, left, a winch salvaged from Kiukiang and moved to southern Kiangsi where it is to be installed at a newly-opened cooperative coal mine and help over 100 miners feed China's budding industry. Lower, right, workers and apprentices of a weaving cooperative in southwest Hunan. In most cases the adults support not only themselves but also immediate family and dependent relatives. Thus does China provide for her masses of refugees and small workers.

The Nation's Program

In April, 1938 the Kuomintang adopted a resolution known as the "Program of Resistance and National Reconstruction." This program was whole-heartedly approved by the Chinese Communist Party, the National Socialist Party and the Youth Party, and was further endorsed by the People's Political Council. It has now become the policy of the Chinese nation.

Ordinarily, during the Lunar New Year festivities, it is customary for the Chinese to post red paper scrolls on their doors. These contain old sayings which signify

good tidings. This year, to the surprise of many, the old sayings are being ignored. Their place has been taken by patriotic slogans, among which are "Resist Japan to the End" and "Carry Out National Reconstruction at the Same Time."

Usually it takes some time to draft plans for a project. Then more time for additional investigation. Further time for high officials to examine and approve the project. Today the work of reconstruction is being greatly expedited. Four months ago, writing about plans for China's Southwest (see the Sept. 3, 1938 issue of the *Review*) we mentioned the numerous investigating commissions engaged in drawing up plans. Today, many of these plans are in operation.

First, we wish to deal with the Southwestern Economic Reconstruction Commission, of which Gen. Chiang Kai-shek is chairman, with Dr. H. H. Kung as vice-chairman and Gen. Chang Chun as secretary general. The commission has taken as its first task the construction of a network of railroads over the southwestern provinces of Szechwan, Kweichow and Yunnan, for which a sum of $20,000,000 has been allotted. The new lines will connect Chengtu with Chungking, Kweichow with Kwangsi, Kwangtung with Kwangsi, Hunan with Kweichow, Yunnan with Kweichow, Yunnan with British Burma, Hunan with Kwangsi, Kwangsi with French Annam, Szechwan with Sikong, Szechwan with Kweichow, and Chengtu (Szechwan capital) with Paochi in Shensi at the Lunghai Railway. These eleven new railroad lines will have a total length of 7,000 kilometers.

Industry for Southwest

Another important reconstruction organ is the Association for the Industrial Development of the Southwest, organized by government officials and industrial, commercial and financial leaders. Its function is to formulate and execute plans for the development and exploitation of the natural resources of the Southwest. At the recent annual meeting of the association, Gen. Chang Chun, the honorary director, urged that economic reconstruction of the Southwest be expedited. Dr. W. H. Wong, minister of economics, urged concentration of effort and close cooperation between the government and the people in order to attain rapidly the objectives of the association.

In order to develop China's war-time economy, the Executive Yuan recently appropriated $5,000,000 for the establishment of a China Industrial Cooperative Association. The country, with a view to promotion of industrial cooperatives, has been divided into four zones: Northwest, Southwest, Southeast and Central. An administrative office has been set up for each of these zones. The southeastern zone comprises the provinces of Kiangsi, Kwangtung, Fukien, Chekiang and Anhwei. It has its administrative office in Kiangchow, southern Kiangsi. Mr. Rewi Alley, a technical expert of repute, now on a tour of investigation in southern Kiangsi, heads this zone, where native industries such as porcelain, sugar, paper are to be developed.

The Executive Yuan is understood to be planning the establishment of three "national industrial defence lines," namely, a northwestern line with headquarters in Paochi, a southwestern line with headquarters in Shaoyang, and a southeastern line in Kiangchow. Mr. Liu Kwang-pei, another expert, is in charge of the general headquarters. When interviewed, Mr. Liu was quoted as saying that industrial plants to supply the needs of the people will be constructed in the safest and most suitable places in the rear, so that Chinese economy will not be paralyzed by the war. "Part of our people," he said, "have to take part in guerrilla warfare to harrass the enemy in the rear, but it is equally necessary for the rest of the people to take part in production. This is indispensable as we are fighting what is essentially a war of attrition, of prolonged resistance against the aggressor."

New Commerce Centers

With the fall of Canton, the disruption of the Canton-Hankow-Railway and the blockade of the Pearl River, China's foreign trade might have been completely interrupted. Actually this has not happened. The Foreign Trade Committee of the Ministry of Finance is doing whatever it can to maintain China's foreign trade. The centers of commerce have now shifted from Shanghai, Canton, Tientsin, etc., to Kunming, Kweilin and Lanchow. Recently-completed railways, Kunming to Chungking, Luchow to Kunming and Suifu to Kunming have linked Szechwan with Yunnan. Far-sighted Chinese complained in the past that China's development lacked balance. They now see that the time has come to balance the industrial development of the country.

It is reliably reported that arrangements have been made between the Foreign Trade Committee and the Southwest Highway Administration whereby the former will advance the latter $350,000 to purchase trucks for freight transportation. The Farm Credits Administration has entered into a similar arrangement. Additional funds for buying American trucks are forthcoming from the Central Bank of China. Beginning in March commercial cargoes travelling over highways for export from China will increase by four times in volume.

Along the Burma-Yunnan highway, travellers find no fewer than 2,500 mule carts engaged in transportation of passengers and freight. According to report, part of the British credit loan to China has been earmarked to buy heavy trucks and other means of transportation from Britain.

Some 13,000 camels are now in use for transporting hides and skins—one of China's principal items of export—from Lanchow, capital of Kansu, to Chinese Turkestan for export abroad through Soviet Russia.

Tung Oil Trade

In the past, China took many steps to improve tung oil manufacture, for which purpose the China Vegetable Oil Corporation was established. Soon, we are informed, the refining and pressing departments of the corporation will be in operation, using new processes to refine and press tung oil. The corporation aims to improve tung seeds, to concentrate planting in the most suitable areas, and reduce costs of production. The province of Szechwan has a most suitable climate for tung trees and planting is to be extended here and production increased. The Industrial and Mining Adjustment Administration has lately invested some capital for the development of this industry.

The present annual production of tung oil in China is estimated at 1,250,000 *kung tan* (one *kung tan* equals about 100 kilograms). In 1938, about 1,000,000 *kung tan* of tung oil were exported, leaving 250,000 for home consumption. About 70 per cent of the export total went to the United States, the value being $63,000,000. Considering the export volume and present value of the tung oil sent to the United States, only two and a half years will be required to repay the American credit loan of U.S.$25,000,000.

Just as China is putting one new army after another on the battlefield, so one industrial project after another is beginning to operate at the rear. China fights and reconstructs at one and the same time.

Chungking, January 21, 1939.

Offensive on the Industrial Front

China is fighting back by giving her people a chance to live. Picture shows a spinning and weaving cooperative in southern Kiangsi. This family of workers depends on primitive equipment used in China for centuries.

British Cruiser Forces Release of Coastal Ship

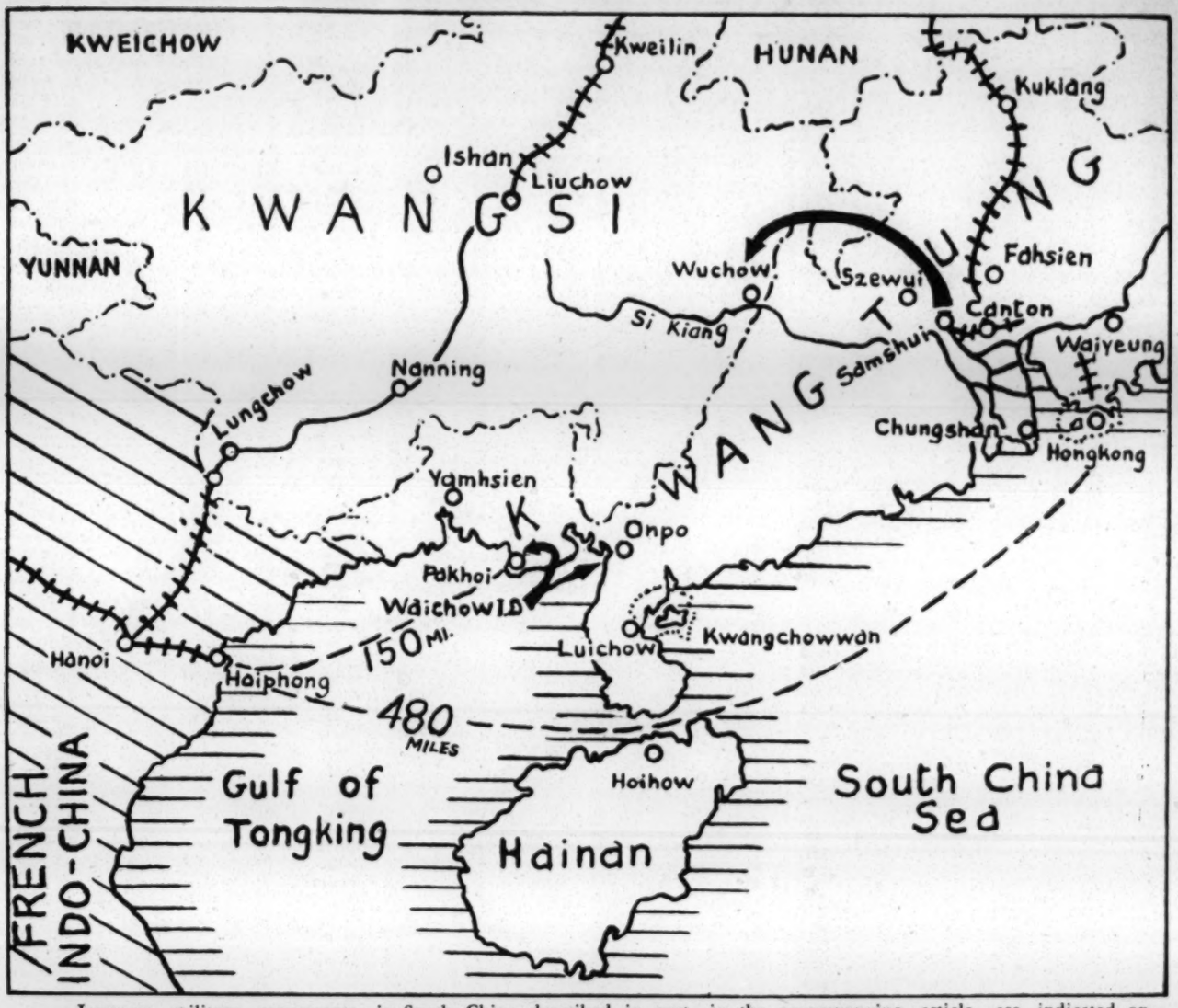
In the most forceful action taken by any European power in the Far East in recent times, H. M. S. Birmingham, newest addition to Britain's China Station fleet, raced to Tsingtao from Weihaiwei last Saturday and secured the release of a British-owned coastal steamer, the *St. Vincent de Paul*, which had been seized by or under the instructions of the Japanese authorities in the Shantung port.

Charging that the British vessel was engaged in smuggling supplies to the Chinese forces, the Japanese sent a Tsingtao Customs cruiser to the mouth of the Shayang River, half way between Shanghai and Tsingtao, where the ship was riding at anchor, and escorted her to Tsingtao, together with two Norwegian vessels against which similar allegations were made.

Following arrival of the British cruiser in Tsingtao, the British freighter was released and was escorted out of the harbor by the warship, bound for Shanghai, where an investigation is being held to determine whether Japanese allegations of arms smuggling have any foundation. The Norwegian vessels were, however, detained.

The *St. Vincent de Paul* is the property of Herlofson, Gordon and Reeves in Shanghai and was understood to be carrying a general cargo of matches, paper and kerosene at the time she was seized. The Japanese authorities claimed that the spot at which she was discharging her cargo into junks is in a district infested with guerrillas and that "it appeared that the goods being unloaded from the seized ships were intended for their use."

Centers of Military Operations in the South



Japanese military movements in South China described in part in the accompanying article, are indicated on this map. The large semi-circular arrow shows the line of the Japanese advance from Samshui in Kwangtung province toward Wuchow in the province of Kwangsi. At Onpo, indicated by another arrow, an attempt to land Japanese bluejackets was made this week. There is reason to believe that the Japanese will attempt to cut the nearly-completed railway which runs north from Lungchow, on the border of Kwangsi and French Indo-China, to Liuchow (not to be confused with the Luichow peninsula). From Liuchow a completed railway runs north through Kweilin all the way to Kinghua in Chekiang province. The Japanese drive toward Wuchow may be a step toward attempting to cut this latter line as well.

Japanese Moving Again in South

Sporadic and unspectacular military operations indicating an extension of the Japanese invasion of South China arrived in Shanghai from various sources this week. According to a Jan. 29 report from Hongkong in the *Chinese-American Daily News*, several hundred Japanese bluejackets made an unsuccessful attempt to land at Onpu on the Luichow (Hoikong) peninsula, about 30 kilometers east of Pakhoi and approximately the same distance from the French Leased Territory of Kwangchowwan. The report said they had been driven back to their ships by the fierce Chinese resistance.

A *Domei* report from Tokyo on Jan. 31 said martial law had been clamped down by the Chinese military over the whole of the Luichow peninsula, which is in Kwangtung province, and that the Chinese command in South China had ordered destruction of the highway from Yanchow on the Gulf of Tongking to Watlam and Wuchow in Kwangsi, in order to prevent a possible incursion into that territory by Japanese mechanized forces. This was according to the Hongkong correspondent of the *Nichi-Nichi*, who said similar orders had been issued on the island of Hainan by Gen. Wang Po, the garrison commander.

Japanese naval aircraft, according to another *Domei* report, dropped bombs on junks loaded with munitions near Kongmoon and Sunwui in Kwangtung last Friday and Saturday. Other naval bombing operations were directed against Yamhsien in southwestern Kwangtung and Nanning in southern Kwangsi last Sunday and Monday. It was claimed that an iron bridge under construction west of Nanning was demolished. Six godowns on the bank of the Hanyang River, near Yuengkong in southwestern Kwangsi, were also destroyed.

Raid on Chengchow

A squadron of six Japnaese planes raided Chengchow, at junction of the Peiping-Hankow and Lunghai Railways in central Honan, last Saturday, according to a *Kuo Min* dispatch. Twenty-four bombs were released in the vicinity of the British-owned Central Honan Packing Factory, destroying more than 20 houses belonging to the firm, it was stated.

Chinese guerrillas operating near Kating, along the Shanghai-Nanking Railway, ransacked and set fire to a Beechcraft biplane operated by the Japan Airways Company last Monday night, according to *Domei*. The destruction came after a forced landing, but the Japanese crew of three managed to escape, the report said.

According to a report in the *Wen Hui Pao*, purportedly from Kweilin, Yochow, strategic city on the Hupeh-Hunan border was recaptured by Chinese guerrillas on Jan. 19. The victors, however, withdrew from the city when Japanese reinforcements arrived, the report said.

About 2,500 bandits who have surrendered in the Nanking area since the occupation of the Wuhan cities, are being organized into pacification corps by the Ministry of Public Security of the Reformed Government, *Domei* said this week. Sixteen thousand guerrillas have volunteered to join the pacification troops, Japanese authorities claimed.

Nippon Envoys Confer in Paris as Franco-Japanese Relations Worsen

Speculation was rife in Europe this week as to the precise significance of a gathering in Paris of Japan's diplomatic representatives in European capitals. The envoys' conference ended Jan. 30 after sessions which lasted several days. Ambassadors present were Mamoru Shigemitsu, ambassador to London, Toshio Shiratori, ambassador to Rome, Saburo Kurusu, ambassador to Brussels. Others attending were Makoto Yano, minister to Burgos, Fiji Amau, minister to Berne, and a representative of General Oshima, ambassador to Berlin, who was prevented from attending by illness.

According to a *Reuter* dispatch from Paris, the Japanese diplomats discussed the extension of the Anti-Comintern Pact. This was denied in Tokyo, where a foreign office spokesman declared that the conference was held solely to enable Toshio Shiratori, newly-appointed ambassador to Rome, to give first-hand information regarding Japan and China to his diplomatic colleagues. The spokesman added, however, that similar conferences were to be held in Berlin and Rome.

The Japanese gathering evoked considerable comment in the Paris press and in French diplomatic circles, which generally attributed to the meeting an undisclosed significance. The Paris *Soir* asserted that the meeting was held with a view to drafting the clauses of a military alliance between Japan, Germany and Italy. Such a pact will be concluded within a short time, the paper said.

A mild crisis in the relations between France and Japan has resulted from the refusal of the French government to approve the appointment of Masayuki Tani as Japanese ambassador to Paris. Mr. Tani was formerly minister-at-large in Shanghai and counsellor of the Japanese embassy in Hsinking. He was chosen to succeed Dr. Yotaro Sugimura at Paris. French approval of Mr. Tani's appointment was witheld on the ground that last summer Mr. Tani publicly attacked Freanc because of the alleged arms traffic to China through French Indo-China.

Hachiro Arita, Japanese foreign minister, declared in the Diet that if France persisted in witholding approval of Mr. Tani's appointment, Japan would have no alternative but to leave its Paris diplomatic post unfilled. The Tokyo *Asahi* accused France of "bad faith" and said French refusal to approve Mr. Tani's appointment was merely an "excuse" with which to conceal pursuit of a policy aimed at resisting Japanese encroachment upon the French position in South China.

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2,000 Trucks Said Held at Haiphong

Nearly 2,000 motor trucks destined for the Chinese military authorities are being held at Haiphong by order of the French Indo-China Government, according to a Chinese dispatch from Hongkong, says a *Domei* report. About 1,200 of the detained trucks are of American make while 600 are of German make, the report said. It was reported in Hongkong that the French authorities were prohibiting the transportation of the trucks by way of French Indo-China because they are not of French make, the dispatch said.

Contradicting these reports, the Hanoi correspondent of the *Nichi-Nichi* newspaper chain reported Jan. 30 that shipments of miscellaneous goods to interior China through French Indo-China, on motor trucks purchased by China, had been increasing steadily in recent weeks and now exceeded arms and ammunition in volume. The correspondent reported that the authorities of French Indo-China restricted the use of motor trucks last November on instructions from Paris, but lifted the restrictions in December.

10,000 Said Employed

More than 10,000 persons were reported to have been given jobs in connection with the transportation of goods from Haiphong to China by way of Hanoi. Transportation companies and branch offices of the Central Bank of China and the Bank of China were being established in Hanoi and Haiphong to facilitate shipments of goods on a large scale, the correspondent said.

Moscow interest in the question of the transit of arms and supplies from French Indo-China into China was shown early this week, when *Izvestia*, official organ of the Soviet government, reported the arrival in Paris of M. Baffelef, chairman of the Tongking Chamber of Commerce. M. Baffelef, said the Moscow journal, published a statement condemning the closing of the Indo-Chinese frontier to movements of Chinese supplies, pointing out that British interests had taken advantage of this step to organize a lucrative traffic between Burma and China.

"M. Baffelef," said *Izvestia*, "is a French businessman. He is alarmed by the menace of British competition and this alarm is fully founded." The Soviet organ also points out that no non-intervention agreement was ever signed with regard to the Far East. Moreover, resolutions had been adopted at Geneva recommending members of the League of Nations to render assistance to China as a country subjected to aggression.

London Scouts Reports of Attack on Paracels

Reports that the Japanese Government is planning to attack the Paracel Islands and that the decision to do so was ratified by the Emperor on December 28, are not only unconfirmed but are regarded as improbable by diplomatic circles in London, *Reuter* reported Jan. 28.

According to information available, the French are in undisturbed occupation of the Paracels, where the only Japanese on the islands are a few fishermen. The French Government decided to take steps to assure their rights over the islands at the time when the Japanese were threatening to occupy Hainan Island.

A man-of-war was accordingly sent to the islands, where a Japanese warship was found to be lying. The Japanese vessel withdrew within a few hours and after exchanging the usual salutes.

British warships of the East Indies Squadron and the China Station will concentrate at Singapore in the middle of March, it was announced last week. The concentration of a large number of British warships there will probably result in the holding of maneuvers in the latter part of March.

The cruisers *Manchester*, *Liverpool* and *Norfolk* of the East Indies Squadron under the command of Vice-Admiral James Fownes Somerville, and the cruisers *Kent* and *Suffolk*, the Admiral's yacht *Falmouth* and the aircraft carrier, *Eagle* as well as the majority of destroyers and submarines of the China Station under Vice-Admiral Sir Percy Noble, are to visit Singapore in the middle of March.

Chiang to Command Eighth Route Army

Gen. Peng Teh-huai, deputy-commander of the Eighth Route Army (formerly the Red Army) has signified his willingness to place his troops under the direct command of the National Government and to abolish the Northwest Border Governments, according to a Hongkong dispatch to the *Shun Pao*. This offer was made, said the dispatch, to Gen. Chiang Kai-shek, chairman of the Military Affairs Commission, when Gen. Peng visited Chungking recently. The central authorities are now considering the detailed procedure for carrying out Peng's proposals.

The Eighth Route Army has suffered 27,000 casualties since it was organized a year ago, stated a *Domei* report from Tokyo Jan. 26. This figure includes 7,000 killed in a series of encounters with Japanese forces.

More than 40 Soviet motor trucks, carrying full loads of military equipment, lately arrived in Sian, capital of Shensi province, according to a *Kuo Min* dispatch from that city. A number of Soviet military officers also arrived at the same time to participate as volunteers in the campaign of resistance against Japan, the report said.

The body of a Russian was found among seven "bandits" killed in a Japanese army raid against a group of 80 outlaws near Antu, on the upper reaches of the Yalu River, according to a *Domei* message from the Manchukuo capital. The alleged discovery was construed by officials as evidence that the Soviets were directing anti-Japanese activities in the Chientao district in eastern Manchukuo, the message said. Documents allegedly seized indicated that the Russian had been sent from Moscow, the officials asserted, adding that nine rifles, four revolvers, one heavy machine-gun, all of Soviet manufacture, were taken in the raid.

Heavy Red Army concentrations at Omsk and Tomsk in central Siberia were reported in a *Domei* dispatch from Hsinking Jan. 29. The alleged massing of Soviet troops was attributed to Soviet preparations to meet possible joint military action by Japan and Germany on two fronts.

British Policeman to Appeal Assault Case

Found guilty of assaulting the laodah of the launch *Moyna*, while the vessel was tied up at one of the municipal jetties in the International Settlement, Sergeant R. Phinn of the Shanghai Municipal Police was "bound over" for three months at the conclusion of his trial in the local British court Jan. 27.

Phinn denied having boarded the launch and beaten up the laodah when the latter failed to move the vessel to another jetty, but the court accepted the evidence of the complainant, who brought a private action for assault and battery. Twelve witnesses were called.

The Legal Department of the Shanghai Municipal Council is now studying the case, while a high police official has said that Phinn will appeal against his conviction.

Iran Restores Diplomatic Relations With U.S.A

Diplomatic relations between the United States and Iran, which were broken off by the Iran government some time ago when the Iranian minister was arrested for exceeding the speed limit for motorcars, were resumed last week when the new Iran Charge d'Affaires arrived in Washington to take over his duties. A new United States Charge d'Affaires is now on his way to Iran.

A Made-In-Japan 'Genghis Khan'

BY JOHN AHLERS (*China Press*)

ALL over the Far East rumors are persistent that this year will bring the long-expected armed clash between Soviet Russia and Japan. There can be no doubt that Soviet Russia would not take the initiative in that direction. But since the transformation of the Konoye cabinet into the Hiranuma government the military in Tokyo are stronger than ever before. In exercising the new power, the Kwantung Army will have a distinct edge among the various rival factions of the Japanese fighting forces. The Kwantung group maintains one of its leaders, General Itagaki, in the position of War Minister in Tokyo. It enjoys by far the strongest influence in the Japanese Army Special Service. It controls two of the puppet states created on Chinese territory: "Manchukuo" and "Meng-Chiang" (Inner Monglia).

The Kwantung group of the Japanese Army is dominated by the anti-Russian faction of the Japanese corps of high officers. Demands from that faction to limit the engagement of Japanese forces in the China war and instead to start upon a war of aggression against Russia are being put forth with increasing persistence. Particularly strong is the agitation in favor of an attack upon Outer Mongolia. That country, though under nominal Chinese sovereignty, is bound to Soviet Russia by a defensive military alliance and for all practical purposes falls within the Russian sphere of influence. Russia, for political as well as strategic reasons, could hardly suffer Japan to seize Outer Mongolia. It is also in this direction, that Nippon-Soviet conflict looms.

Since the outbreak of the present China War, the Japanese have been driving a spearhead westward in the direction of Outer Mongolia. This spearhead is the Japanese effort in the new puppet state "Meng-Chiang," officially termed, in the English language, "The Mongolian Borderland," and generally known as "Inner Mongolia" or "Mongokuo." High officers of the Japanese Army Special Service last month guided a party of Peiping foreign journalists through that puppet state and these officers in answering questions, left no doubt whatsoever of their intentions regarding Outer Mongolia. Teh Wang, nominal figurehead of the Kalgan puppet regime declared recently "In due time Outer Mongolia will be reunited with its brethren in the greater (made-in-Japan) program of Mongol revival." Japanese Colonel Yokoyama, chief of the Special Military Mission at Suiyuan-Kweihua, said that he thought "Outer Mongolia should be absorbed into the present autonomous state of Teh Wang."

Mongol Puppet State

In these circumstances, Teh Wang's puppet state deserves closer attention than it has been accorded thus far. Theoretically, on the Japanese maps, "Meng-Chiang" is a buffer state situated between "Manchukuo" in the east, Outer Mongolia in the north and northwest, the Great Wall in the south, and the western sections of the great bend of the Yellow River. The "Mongolian Borderland" is supposed to include the Ordos desert country within the Hwangho Bend and the Gobi-skirted region of Wuyuan, but these territories still remain to be conquered from the Chinese who ferociously defend them. The westernmost bases of the Japanese here are Paotou, terminus of the railway from Peiping, and Pailing Miao, where the Nipponese began their intrigue with Teh Wang in 1936.

The Chinese opponents of the Japanese, in these parts, have their base at Wuyuan, Ninghsia, Yulin, and Pienkuan (northwestern Shansi). The Chinese force at Pienkuan is commanded by General Fu Tso-yi. General Ma Chan-shan is in command at Yulin and Ninghsia, both on the Great Wall and often bombed by Japanese airplanes, although it is said that little damage has been inflicted by these raids. The strongest Chinese forces appear to be concentrated in the Wuyuan region under General Ma Hu-ping who, according to Japanese estimate has about 12,000 soldiers under his command. Of these 2,000 are Chinese Moslem troops. Ma Hu-ping is guarding one of the so-called Red Routes which cross the Gobi Desert from Urga and run to Ninghsia and from there to Lanchow or Sian. The easternmost of these routes skirts Wuyuan and, according to the Japanese, it has quite a heavy Sino-Russian traffic. For many months, the Nipponese have been declaring that they "expected" to take Wuyuan in the near future, but these expectations have not yet materialized. Wuyuan is of importance also as the chief Inner Mongolian center next to Paotou of the wool caravan traffic.

Japan's 'Tripartite Bloc'

Jack Chen in China Today

Half Under Nippon Rule

The "Meng-Chiang" puppet paradise boasts officially of a population of about 7,000,000 people of whom, however, practically less than half appear to be actually under Japanese domination. The chief hold the Nipponese have in the territory is the railway line from Peiping through the Nankow Pass to Kalgan, Tatung, Suiyuan-Kweihua and Paotou. These are the more important cities in the region under Nipponese occupation. The railway link from Tatung to Taiyuan, capital of Shansi Province, runs through Chinese-controlled territory and, therefore, cannot be operated by the Japanese. But passenger and freight services on the Peiping-Paotou line appear to operate fairly well and regularly, though on a small scale. The management of this road is in the hands of the South Manchuria Railway Company.

The cities along the line did not suffer much war damage, and conditions there have returned to what is normal under Japanese occupation. The Suiyuan-Kweihua region is said to have 120,000 people. Paotou 90,000; Kalgan 80,000; and Tatung 70,000 inhabitants. Except for Paotou, these figures are somewhat above the prewar figures. There has been a certain influx of Chinese ricsha-coolies and laborers from inside the Great Wall, and of Japanese civilians. There are now about 10,000 Nipponese citizens in the territory half of whom have settled in Kalgan alone, while about 2,000 live in Tatung, more than 1,000 in Suiyuan, some 500 in Paotou, and about 400 in Chuanghua.

These Japanese civilians have opened shops, inns, hotels, opium dens, brothels and so on, or are agents and employees of the many new Japanese companies engaged, partly under "Mongolian" denominations, in the exploitation of the economic resources of "Meng-Chiang," These resources are actually as well as potentially considerable. They are chiefly three: Coal, iron, and wool. The two mineral deposits are to be found in the southeastern section of the territory, in those parts of Southern Chahar and Northern Shansi which are sandwiched between the inner and the outer lines of the Great Wall directly to the west from Peiping. The wool is forthcoming from the steppe regions beyond the Great Wall, and largely from regions outside the present zone of Japanese occupation. These economic resources have all been seized and are now being exploited by the Japanese exclusively.

Coal Mines Exploited

The Tatung coal fields are the chief object of Nipponese exploitation. They are estimated to hold about 12,000,000,000 tons of good coal in an area of 2,797 square miles. Prior to the war, about 260,000 tons of coal were mined there annually. The Tatung mines have been turned over to the South Manchuria Railway Company and now are said to be worked by 4,000 laborers under Japanese engineers. The daily production is said to have reached about 2,000 tons at the end of last year. But the Japanese dream of alleviating the coal shortage in Japan by large imports of Tatung coal have not yet come true. Shipments of Tatung coal to Japan have remained insignificant. The freight capacity of the existing railway is much too small and the roads down to the coast are much too unsafe to allow coal transport from Tatung on a large scale. The modernization of the mines to allow a further large increase in the output and the construction of a new railway directly down to the coast, however, would require a capital outlay of Yen 240,000,000 of which Japan at present is incapable.

The other great mineral resources of "Meng-Chiang" are the iron deposits at the Lungyen Mine. The mine is situated northeast of Chuanghua, close to the Hopei provincial border, and consists of a series of hills near Yentungshan, Pangkiapao, etc. These are estimated to contain not less than 100,000,000 tons of iron ore. The exploitation of the Lungyen Mine has been entrusted to the Fushun Collieries, a subsidiary of the South Manchuria Railway Company and Manchurian Heavy Industries Corporation. The present daily output of ore in Lungyen is reported to be 600 tons. There are similar transport difficulties as for Tatung coal. Part of the ore mined in Lungyen is of late being smelted in the

suburbs of Peiping in the repaired iron foundries at Shihchingshan where the first of a few new blast furnaces installed by the Japanese was ignited shortly before Christmas.

The third of the economic riches of "Meng-Chiang" is wool. Before the war, about 35,000,000 pounds of wool were annually exported via the Paotou-Peiping Railway. Most of this wool, however, came from Kansu and Chinghai (Kokonor) by caravan or down the Yellow River in boats to Paotou, chief wool trading center in Inner Mongolia. The Japanese occupation temporarily interrupted this transit trade, but during the past year it appears to have been partially restored. Shortage of supplies in a number of industrial goods simply compels the Chinese territories west and southwest of Paotou to barter with the Japanese for such products, with wool given in exchange. To a certain extent, the wool trade of Paotou has been revived.

The total foreign trade of "Meng-Chiang" is not negligible. Imports last year valued Yen 60,000,000, according to Japanese statistics, but exports are reported to have attained about Yen 150,000,000 in value. That means that "Meng-Chiang" exported half as much goods as Shanghai. But practically all of this trade is in Japanese hands. European and American merchants have been virtually excluded from transacting business in the territory. At first Japanese companies were granted monopolies in all important branches of Inner Mongolian trade, and when last autumn these monopolies were officially discontinued following America's protest, strict foreign exchange control exercised by the Yokohama Specie Bank was substituted. This control is managed in a way so that it would be prohibitive, for non-Japanese traders as far as direct trade of westerners with western countries is concerned. It is not applied to the Japanese Mongolian trade, since "Meng-Chiang" has been proclaimed part of the yen bloc. A puppet "Bank of Mongolia," financed with Nipponese bank credits, is circulating a fictitious currency characterized by its inconvertability and its absence of bullion or foreign exchange reserves.

Kanai the Organizer

The organizer of that regime of economic exclusiveness and exploitation for the Nipponese is the High Japanese Adviser to the "Federal Council of the Mongolian Borderland," the well-known economist Dr. S. Kanai. He has a number of very capable Japanese assistants who occupy 17 key positions of the total of 90 higher posts of civil officers under the "Federal Council." This council is a replica of the Peiping "Provisional Government" and the Nanking "Reformed Government." Prince Teh is the Chairman. There are six "ministries" namely, General Affairs, Economics, Finance, Communications, Social Welfare, and Public Safety. They are occupied by three Chinese of the Wang Keh-min type, and two Mongols.

This central puppet regime of "Meng-Chiang" has but very limited functions. There is neither a "federal army" nor a "federal police." There are no "general affairs" to be managed except the manifestations of "joy" on anniversaries. There is no ministry of Foreign Affairs, and the S.M.R. is managing the communications. The Japanese military authorities themselves explained to the group of foreign journalists shown around in the area last month, that for all practical purposes the "Federal Council" is but an economic and financial superstructure. Since all the economic and financial affairs in "Meng-Chiang" are in Japanese hands, the part played by the "Federal Council" is actually restricted to promulgating the laws, regulations, and ordinances which "authorize" Japanese business men to do what they choose and which bar similar privileges to the westerners.

The "Federal Council" is considered a superstructure, because "Meng-Chiang" is supposed to form not one single country, but a "federation" of three different countries. These three "countries" are "Chanan" (South Chahar) with the capital Kalgan and including the Lungyen Mines; "Shin Pei" (North Shansi) with its capital in Tatung, center of the coal mine district; and the "United Leagues of Mongolia," beyond the Great Wall and with its capital in Suiyuan, now termed by the Japanese Hoho-hoto and by the Mongols Koko-Hoto. Kalgan serves also as the "federal capital." These three "countries" each are supposed to have an "autonomous government" with a chairman, a vice-chairman, and four "ministries" (departments) of General Affairs, Social Welfare, Finance, and Public Safety. The "United Leagues of Mongolia" have a fifth "Ministry for Stock-Farming." Chinese traitors are heading the puppet government of South Chahar and North Shansi, while Teh Wang and other Mongols are functioning as leaders of the "United Leagues of Mongolia."

Puppets Have Little Power

The Tatung and Kalgan puppets are in a position similar to that of the Peiping "Provisional Government." Their task is to assist the Japanese in administering their territory. They have police forces commanded by Japanese instructors, but no army. In the third puppet country, in the "United Leagues of Mongolia," however, there is an army, known as the "Mongol Army." Its commander, is the puppet general Li Shou-hsin, vice-chairman of the "United Leagues of Mongolia," who commands about 10,000 men of whom two-thirds are Chinese and one-third Mongols. This army is co-operating with the Japanese forces against the Chinese national troops in the Wuyuan area. The true Mongols of the "Mongol Army" are said to have proved reliable, but several of the Chinese units of that army staged a number of mutinies.

The "Mongol Army" is nothing more than one of the various baits, by means of which the Japanese in "Meng-Chiang," are trying to lure the Outer Mongolians. The other baits are Teh Wang and his fellow Mongolian princelings serving as figureheads of the "United Leagues of Mongolia." Teh Wang, otherwise known as Demchik Domlop, is in his own right the hereditary ruler of the West Sunnit Banner of the Silingol League. There are four other leagues of Mongol tribes in "Meng-Chiang": the Chahar League, the Bayen Tala League, the Ikechao League and the Ulanchap League. The two latter, however, have not yet given any indication that they want to have anything to do with Teh Wang and the Japanese. As the made-in-Japan successor to Genghis Khan, Teh Wang to all the Mongol tribes outside the Japanese zone of occupation appears to be nothing else but a ridiculous pretender providing nominal cover for the Japanese appropriation of the country and its resources.

The Mongols are not a stupid people. They understand perfectly well that if the Japanese really wanted the resurrection of Mongol power they would have to carve out from "Manchukuo" the whole western portion of that puppet state. For it is there that lives the majority of the Mongols, some 1,500,000, according to Japanese figures. In Outer Mongolia there are scarcely 1,000,000 Mongols, and in "Meng-Chiang," "The Mongolian Borderland," there are only 600,000 Mongols, according to Japanese estimates. Of the population of "Meng-Chiang" the vast majority is made up of 6,400,000 Chinese. Of these, about 2,000,000 live in the North Chahar and a similar number live in the North Shansi puppet states. In the territory of the "United Leagues of Mongolia" itself, there are 2,400,000 Chinese, outnumbering the Mongols by four to one.

"Meng-Chiang" Is Chinese

"Meng-Chiang" thus is by no means a Mongol but a Chinese country. Teh Wang is as representative of the population of "The Mongolian Borderland" as is the Changchun puppet emperor of the people of "Manchukuo." The Japanese Kwantung Army west of Jehol only repeated the puppet state pantomime which was staged in Manchuria years before, catering for the Mongol instead of for the Manchu minority. Without the presence of the Japanese forces in "Meng-Chiang," its "Federal Council" and its three "autonomous governments" would be immediately swept away by the huge majority of the Chinese people there, assisted by the still independent Mongol tribes. The real holders of power are the Japanese military oligarchy of the Army Special Service.

Head of that service in "Meng-Chiang" is Major-General Sakai, closely connected with his colleague Major-General Kita in the same position in North China, and man of the full confidence of the Japanese War Minister General Itagaki. With his service, one of the Japanese "advisers" with each of the puppet government units in "Meng-Chiang" is directly connected. Others of these "advisers" appear to have had formerly connections with the Army Special Service. Many of these "advisers" are graduates of the Yokohama School of Oriental Languages, one of the centers of Japanese intrigues in Central Asia. All of these Japanese officers, long-experienced in Dai Nippon's military intelligence service, belong to the extremist group of the anti-Russian faction of the Nipponese military octopus. A tool in their hands, "Meng-Chiang" is a Japanese tool against Russia.

Tokyo Professors Fired For Dangerous Thoughts

A shake-up in the staff of the department of political economy of Tokyo Imperial University has resulted in the dismissal or resignation of 15 instructors, *Domei* reported Jan. 30.

Staff changes were ordered by the new Chancellor, Dr. Yuzuru Hiraga, in connection with action taken against Prof. Eijiro Kawai, author of several books which were suppressed last year because they were considered to be "disturbing peace and order."

Professor Eijiro Kawai, who is on the staff of the Department of Political Economy of the university, was suspended from his post this week after a Civil Service Commission hearing. The suspension, said *Domei*, was approved by the Throne, thereby indicating that importance is attached to what Prof. Kawai thinks, says and writes.

The instructors who resigned or were dismissed include six professors, four assistant professors, one lecturer and four assistants in the department of political economy. The department now has only three professors and two assistant professors. Supported by Gen. Baron Sadao Araki, Minister of Education, Dr. Hiraga was going ahead with the staff shake-up. Students, said *Domei*, were bewildered by the loss of their professors just before the end of the academic year which closed Jan. 31.

Hitler Demands Colonies, Says Reich Will Back Mussolini Against France

ALTHOUGH lacking the oratorical pyrotechnics which an expectant world had been led to anticipate, Chancellor Adolph Hitler's speech before the German Reichstag last Monday, delivered on the sixth anniversary of the assumption of power by the Nazis, was notable for three points:

1. Virtually nullifying the Franco-German declaration of amity signed in Paris on Dec. 6, Hitler announced categorically that "if Italy has war, Germany will be on her side"—a statement regarded as of special significance in view of the violent Italian campaign against France.

2. Hitler reiterated the claim for return of the colonies taken from Germany at the end of the World War.

3. He proclaimed Germany's support of Japan in the war against China, asserting "it would be folly to assume that the defeat of Japan could be of value to Europe. It would only be followed by a victory for Bolshevism in East Asia—a victory which would profit no one except international Jewry."

Denying that Germany had designs on Holland or intended to attack the United States or South America, the German chancellor predicted "a long period of peace." This statement was generally interpreted as an admission that the Nazis do not feel ready for war, but will continue to take whatever may be gained by the methods of "power politics."

Review of 1938

Hitler reviewed the troubled history of Europe in 1938, recalling in great detail the Austrian "anschluss" and the Czechoslovakian crisis last September. "All this," he said, "took place at breath-taking speed. Our confidence in the speed and efficiency of the new Germany was not disappointed, but was even excelled." On the subject of the Czechoslovakian crisis, he declared: "We did not threaten anyone. We only defended ourselves against an attempt by any third power to interfere. I need not assure you that in the future, too, we shall not tolerate any attempt by the Western Powers to interfere in affairs, which solely concern us, for the purpose of preventing natural and reasonable solutions."

Depriving Germany of her colonial possessions, said Hitler, was "nonsense from the economic point of view. Before the war, democrats were told that British trade would be immensely strengthened by the dissolution of Germany. But Britain and the British people did not become richer. Now, Germany is stronger than before. We do not want colonies to establish armies there. We are satisfied with our own plentiful population, but we want colonies for Germany's economic relief.

"The first way to relieve Germany's difficulties—the extension of her space—has not been vouchsafed her, and so she must increase her exports. It would have been economically more sensible to have given Germany back her colonies. We must export goods in order to enable us to buy food. The German people must export goods or die, but I assure you that the German people will live, and their leaders are willing to do everything in their power."

If it was said that the colonies were of no value, Hitler contended, it would cause no heart-burning to give them back to Germany. The objection that Germany was incapable of managing them was laughable. All objections showed that it was a question of power, and had nothing to do with fairness or reasonableness. Without adequate space, and certain necessary raw materials, the economic existence of the people could not be maintained.

Germany, Hitler went on, had no hatred for France or Britain, but wanted to live in peace with them, since apart from colonies she had no territorial claims on those countries.

Again the Jews

Attacking the Jews, Hitler said Germany had no room for them. "If international financial Jewry ever starts another war, it will end, not in the destruction of Germany, but in the annihilation of the Jewish race throughout Europe."

Speaking of disarmament, he said it would have been wiser from the economic standpoint to have come to an agreement with Germany politically, and as regards the colonies, rather than to have taken a course which gave enormous profits to armament manufacturers while laying very heavy burdens on the people.

"If now foreign statesmen threaten us with economic counter-measures, I can assure them that in such a case a desperate economic war will begin, which will be easier for us than for other over-saturated nations.

"If Italy is involved in war, it is absolutely certain that Germany will be on the side of Italy. Fascist Italy and National Socialist Germany will secure European civilization." Germany, he added, was helping General Franco in order to save Spain from Bolshevism.

Referring to Germany's relations with the United States, Hitler said these had been disturbed by lying propaganda. "We forbid Americans to interfere in our affairs," he declared.

Britons Make Appeal

On Jan. 28, two days before Hitler delivered his Reichstag speech, an appeal to the leaders and people of Germany "to join in a supreme effort to lay the specter of war" was made by 18 prominent British personalities and broadcasted in German by the British Broadcasting Company. Signatories of the appeal included: The Marquess of Willingdon, Lord Warden of the Cinque Ports, who was Chairman of the Delegation from the Boxer Indemnity Committee which visited China in 1926; Lord Dawson of Penn, Physician-in-Ordinary to the King and Queen; Lord Horder, Physician-in-Ordinary to the King; Lord MacMillan, Lord of Appeal-in-Ordinary; Lord Stamp, Chairman of the London Midland and Scottish Railway; Mr. Montagu Norman, Governor of the Bank of England; Mr. H. A. L. Fisher, Warden of New College, Oxford; Mr. G. M. Trevelyan, Trustee of the British Museum and National Portrait Gallery; Lord Eustace Percy, Rector of Newcastle Division, Durham University; Sir Michael Sadler, Master of University College, Oxford; and Mr. John Masefield, the Poet Laureate.

The appeal was not well-received in Germany, where the Nazi organ, *Voelkischer Beobachter*, protested the suggestion that Germany is responsible for the present international situation, pointing out that all Hitler's efforts to secure a reduction of armaments were also opposed by the British government. If the signatories of the appeal regard armaments as the main cause of unrest in the world, the paper said, they should address themselves to those responsible for rejecting the German offer.

Prime Minister Neville Chamberlain, speaking at Birmingham Jan. 28, attacked the belligerent attitude of the totalitarian states and said, according to *United Press*, that the democracies would resist any attempt by the dictatorships to dominate the world by force.

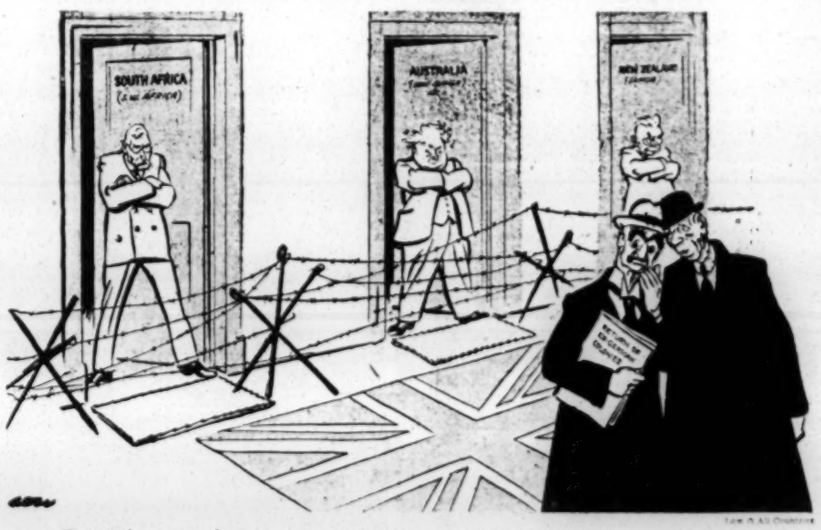
The London *News Chronicle*, commenting on Hitler's speech, declared that Britain is prepared to discuss the colonial problem as part of a general settlement of international relations, provided it is taken in conjunction with a move to limit armaments. But Britain is not prepared, the paper added, to make Germany a present of her former colonies.

Memel Goes Nazi

Consolidation of Nazi influence in Memel was seen Jan. 29 in an announcement by the Lithuanian government that no obstacles would be put in the way of any development towards National Socialism in that territory. The Lithuanian premier Mironas declared that the new Memel Directorate had announced its intention to rule according to the National Socialist principles of the German Reich.

This declaration was preceded by another, made Jan. 24, by Willy Bertuleit, new pre-

"Perhaps We Should Send Runciman to See Them . . . ."



Britain's most famous cartoonist presents his idea of the present situation with regard to Germany's demand for the return of her former colonies.

sident of the Memel Directorate, in an address to officials and employees. "The new Directorate," he said, "confesses itself adherent to the National Socialist ideology.

"From now on you will be required to take up a clear attitude towards this question," continued Herr Bertuleit. "That does not, of course, mean that those who declare themselves Lithuanians have to adopt the National Socialist ideology. But it does mean that the Directorate will under no circumstances permit those who declare themselves adherent to Lithuania to conduct propaganda against National Socialism. For officials and employees of German blood this means the obligation to refrain from taking any attitude against National Socialism.

"For all who avow their Germandom from now on," declared Bertuleit in closing his address, "the Memel German salute,

Munich Was An Appetiser

—Hodges in the Western Mail

which just as in the Reich consists in the raising of the right arm, will be compulsory."

Open announcement of an impending new dismemberment of Czechoslovakia was made Jan. 23 by Col. Joseph Beck, Polish foreign minister, according to a *Havas* dispatch from Warsaw. Replying in writing to Deputy Jules Dudzinski, Beck said "Hungary can rely upon Polish support and sympathy for the fulfillment of her claims for a common frontier with Poland and annexation of the Carpathic Ukraine."

Eiichiro Kamiyama, honorary consul for Yugoslavia in Osaka, cabled Yugoslav Foreign Minister Milan Stoyadinovich and to the Chamber of Commerce in Belgrade on Jan. 25, urging that Yugoslavia join the Anti-Comintern Pact. This was according to the Japanese *Domei* news agency, which reported simultaneously that Renuosuke Yoshida, Albanian honorary consul in Osaka, had cabled the foreign minister of Albania along the same lines.

Ningpo Authorities Impose Restrictions

Shipping service between Shanghai and Ningpo was recently resumed after the promulgation of a set of regulations by the local authorities at Ningpo. The new rulings impose restrictions on the passage of passengers and goods into that port. It is provided that all males between the age of 16 and 45 shall not pass through, with the exception of students who are on their way to take entrance examinations and public employees who can produce official documents.

According to the regulations, all exporters must duly apply for permits for the export of their goods and secure a shop guaranty of more $2,000, or produce proper documents from government organs higher than a hsien government.

Referring to the freight service, it is provided that no native goods will be allowed to be exported without the approval of the Chekiang Provincial Government or the Garrison Headquarters at Ningpo. With the exception of Japanese goods and products of other nationalities which fall into the categories under restriction, all other foreign goods are permitted to enter the port.

London Announces Changes in Cabinet

Changes in the British cabinet were announced from London Jan. 28, the principal being the following:

Lord Chatfield, Admiral of the Fleet, was made Minister for the Coordination of Defence. Sir Thomas Inskip became Secretary of State for the Dominions. Mr. W. S. Morrison was made Chancellor of the Duchy of Lancaster. The reshuffled cabinet is now composed as follows:

Mr. Neville Chamberlain, Prime Minister, First Lord of the Treasury, and Leader of the Commons;

Sir John Anderson, Lord Privy Seal and Minister of Civilian Defence;

Mr. Leslie Hore-Belisha, Secretary for War;

Mr. Ernest Brown, Minister of Labor;

Mr. Edward Burgin, Minister of Transport;

Lord Chatfield, Minister for the Coordination of Defence;

Lt.-Col. D. J. Colville, Secretary of State for Scotland;

Earl de la Warr, President of the Board of Education;

Major Sir Reginald Dorman-Smith, Minister of Agriculture and Fisheries;

Mr. Walter Elliott, Minister of Health;

Lord Halifax, Foreign Secretary;

Sir Samuel Hoare, Home Secretary;

Sir Thomas Inskip, Dominions Secretary;

Sir Kingsley Wood, Secretary for Air;

Mr. Malcolm MacDonald, Colonial Secretary;

Lord Maugham, Lord Chancellor;

Mr. W. S. Morrison, Chancellor of the Duchy of Lancaster;

Viscount Runciman, Lord President of the Council;

Sir John-Simon, Chancellor of Exchequer;

Lord Stanhope, First Lord of the Admiralty, and Leader of the House of Lords;

Mr. Oliver Stanley, President of the Board of Trade;

Marquess of Zetland, Secretary of State for India and Burma.

U.S. Army Asks For 565 More Airplanes

President Roosevelt has asked Congress for a $50,000,000 emergency appropriation for the purchase of 565 new combat planes for the army. The emergency fund, he said, would be used to inaugurate his $552,000,000 emergency defence expansion program outlined to Congress in a special message early last month.

The President requested that the appropriation for the new army planes be made available for immediate expenditure. He said funds to finance the remaining portion of the defence expansion program would be sought later.

The President's emphasis on providing funds first for the army air force was in accordance with the government's previous announcement on the importance of speed in building up the power of the army air force.

Chungking, Tihwa Linked By Radio Phone Service

Successful tests on a powerful radio-telephone service between Chungking and Tihwa, provincial capital of Sinkiang, were conducted in Chungking Jan. 30. Mr. Chang Yuan-fu, director of the Chungking Office of the Sinkiang Provincial Government, held a 12 minutes conversation on the telephone with Mr. Li Yung, chairman of the Sinkiang Provincial Government. Mr. Li instructed Mr. Chang to present his compliments to General Chiang Kai-shek, president of the Military Affairs Commission.

British Police Use Tear Gas on Burmese

British police in Rangoon used tear gas, buckshot and batons to disperse a crowd allegedly attempting to prevent motor buses from plying the streets in the eastern part of the Burma capital, a *Reuter* report stated Jan. 31. Nine persons were injured by the tear gas and three others in a baton charge. A. W. Todd, assistant commissioner of police, was injured when the crowd threw stones.

Subhas Chandra Bose, Leftist leader, has been "unexpectedly" re-elected president of the Indian Congress Party, according a *Reuter* message from Bombay. This is regarded as a defeat for Mr. Gandhi, who backed the more conservative candidate, Dr. Pattari Sitaramayya, whose election was considered certain. The latter polled only 1,375 votes against 15,822 for the successful candidate.

Renewed civil unrest is expected in India. Pandit Jawaharlal Nehru, leader of the Muslim League, declared that India might be faced with a crisis within a few weeks.

2,500 Stores Said Reopened in Nanking

More than 2,500 Chinese stores have reopened in Nanking, officials of the Reformed Government announced this week in reviewing Nanking's "rapid strides toward normalcy." There are 176 rice shops, 161 grocery stores, 173 restaurants, 150 hotels, 161 tea houses, 65 silk stores, 65 dry goods stores, 92 drug stores, 23 real estate offices, 31 furniture shops, 43 bath houses and 77 curio shops. Many school age children are among the refugees returning. Government officials are said to be speeding plans to build schools and other institutions.

At present there are two municipal middle schools, with 324 boys; 26 municipal primary schools, with 6,000 pupils; two private primary schools, with 1,500 pupils; 95 private schools, with 2,800 pupils, and 18 Christian primary schools, with 2,900 pupils.

The Bureau of School Affairs of the Nanking Municipality built 300 barracks near the Nanking station to accommodate Chinese refugees; 3,000 of them already have started to earn their own living. The municipal authorities are preparing to receive 2,000 more refugees. In old people's homes, infirmaries, orphanages and nursing homes about 1,800 persons are being cared for.

S.M.C. Pay Raises Are Put Into Effect

While a committee of local businessmen was engaged in studying the salary increases recently decided upon by the Staff Committee, the Shanghai Municipal Council this week paid its officials and employees according to the increased scale, which in the case of certain heads of departments means raises of as much as 80 per cent in terms of Chinese currency.

Bowing before a storm of public protest against the increases, which it has been estimated will cost the ratepayers an additional $600,000 a year, the Council appointed the committee to investigate the matter and to report whether in its opinion the increases were justified, and if not in what respect they should be revised.

The fact that the Council, before the Committee has completed its inquiry, has proceeded to make the increases effective—and for a minimum period of six months—has caused a fresh furore on the local scene.

World Startled By Soviet-German Trade Talks; Rapprochement Seen

SIGNIFICANT developments, indicating that efforts are being made to effect a rapprochement between Soviet Russia and Nazi Germany, have been exciting European chancellories during the past week. Soviet desire to reach an accord with Germany as an offset to the virtual collapse of the Franco-Soviet Pact of Mutual Assistance which followed upon the Munich Agreement last September, was noted by European observers in recent Moscow efforts to prevent Poland from falling within the orbit of the Rome-Berlin axis, efforts which were crowned by the conclusion of a Soviet-Polish trade agreement. Moscow was seen utilizing negotiations with Poland as a stepping-stone to an accord with Hitler's Third Reich in the hope of diverting Nazi attentions from the Ukraine.

On Jan. 26 came the announcement, from Berlin via *Reuter*, that a delegation of German businessmen and industrialists would shortly leave for Russia to seek arrangements for deliveries of raw materials from Russia in exchange for supplies of German manufactured goods. Germany is unable to secure certain raw materials from other countries since she has an unfavorable trade balance and no foreign currency with which to pay for them.

The same report said that the permanent Soviet trade delegation in Berlin, which shrank in the last few years from a personnel of 230 to 30, is likely to be strengthened. More significant than these developments, in the eyes of most observers, was an article which has appeared in the *Voelkischer Beobachter*, official Nazi organ, cautiously praising Russia's Red Army. This article was signed by Captain von Zeska of the German General Staff and appeared on the front page of the paper. It was the first time since Hitler came to power six years ago that any praise of the Soviets had been made publicly in Germany.

Red Army Praised

"Though the Red Army has lost its striking power through the removal of many high officers," Captain von Zeska wrote, "it would be a mistake not to take into account the continual extension of the army, which naturally has increased its offensive strength. There can be no doubt that the Russian soldier—as shown in the World War and last summer's Changkufeng Incident—is brave, enduring and tough and knows how to fight splendidly under good leadership."

A *Havas* message from Moscow confirmed that Herr Schnurre, head of the Central European Division of the Weilhelmstrasse's Commercial Accords Department, would arrive in the Soviet capital on Tuesday of this week. At the same time, Friedrich Werner von Schulenberg, German ambassador, was due to return to his post in Moscow following a vacation.

Reports were current that the Reich was prepared to deliver to Russia even war materials, including airplanes and munitions, in exchange for badly-needed raw materials. Soviet circles, quoted by *Havas*, said, however, that while Hitler was ready to deliver industrial products, including goods of use in war industries, "he is firmly decided not to deliver any arms, as such, to his ideological enemy."

Moscow Press Silent

While the Moscow press has remained completely silent on the subject of the Soviet-German get-together, the fact that an accord is in contemplation was seen in the visit paid to Lord Halifax, Britain's foreign secretary, by Ivan Maisky, Soviet ambassador to London, on Jan. 27. The Soviet envoy reportedly discussed with the British minister the impending Soviet-German trade negotiations. On the same day, and again on Jan. 29, Jacob Suritz, Soviet ambassador at Paris, called on French foreign minister Georges Bonnet and held long conversations, the subject of which was presumed to be the Soviet-German trade talks.

Soviet circles in London, quoted by the *Havas* agency, asserted that the initiative for the Berlin-Moscow conversations came from the German capital. They added that Germany was likely to take the opportunity to inquire about Soviet intentions "in the event of a new western European crisis." Alluding to the sharpening crisis in the relations between France and Italy, arising from Italy's "colonial demands" on France, the same Soviet circles were reported to have pointed out that while the Franco-Soviet Pact of Mutual Assistance provided for Soviet aid to France against German aggression, it would not automatically come into force if France were attacked by Italy.

"Soviet assistance," they said, "may be rendered France under the provisions of the League Covenant, however, if other Powers invoked its terms."

That Germany intends to back Italy's claims on France, in the same way that Mussolini supported Hitler in the Czechoslovakian crisis last year, was indicated Jan. 29 by the *Frankfurter Zeitung*, which declared that "Germany will support Italian rights with the same determination with which Mussolini gave his unreserved support to the just and therefore attainable aims of the Reich."

End of Soviet Pact?

A violent attack on the Franco-Soviet Pact of Mutual Assistance, which is due to expire in May of this year, appeared Jan. 26 in the French organ *Le Matin* under the signature of Senator Fabry, former minister of war in the French government. "The Soviets want war and such an evil must therefore be tackled at the root," he declared, urging that the pact with Soviet Russia should not be renewed.

M. Fabry went on to declare that "for four years the pact with the Soviets has bound us to a government and an army whose leaders were convicted of treason, sentenced and executed one after the other. The only conclusion to be drawn from these facts is that France concluded a pact with a country which has been ruled by traitors since 1920. The commitments which France assumed towards the Soviet Union in that year therefore now appear absurd. The foreign political debates in the Chamber show that France is still permeated with the poison of Bolshevism to a large extent. Within the next few months France must decide whether the pact with Soviet Russia shall be prolonged. It would be folly to believe that policies which are absolutely incompatible with each other can be pursued simultaneously, in other words that the Soviet pact of 1935 and the Franco-German peace declaration of 1938 can remain in force at the same time."

Many observers are of the opinion that the slender prospects for renewal of the Franco-Soviet Pact, the complete isolation of Soviet Russia, and the failure of Moscow diplomacy to drive the "democratic" states into war against the totalitarian powers are the factors responsible for Moscow's current effort to make friends with Nazi Germany; and that on the Nazi side the compelling motive is the urgent need for certain raw materials, which must be obtained even at the price of a temporary postponement of Hitler's contemplated Ukraine adventure.

"Since Mussolini Wants Corsica Back—"

WANTUM AMERICA BACK!!
-JUST TEXAS, ARIZONA AND CAL-EE-FOR-NIA, UNCLE SAM!
"I WANT MY RIB BACK!"
OH, I SAY GEORGE, OLD THING.
EDWARD
"AW-COME ON, BE A GOOD SPORT AN' TAKE HIM BACK!"

—*Russell in the Los Angeles Times*

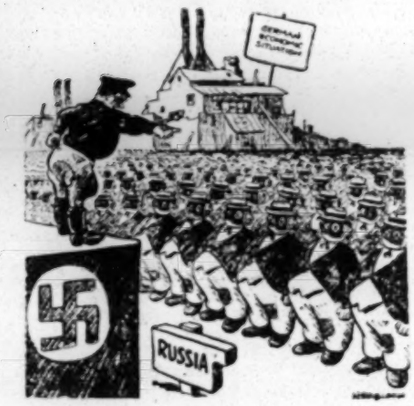
C. P. S. U. to Hold First Congress in Five Years

An All-Union Congress of the Communist Party of the Soviet Union will convene in Moscow on March 10, according to an announcement made late last week. It will be the 18th congress of Russia's ruling party, and the first to be held in five years. The seventeenth congress took place in 1934.

Agenda of the congress will include reports by Dictator Joseph Stalin and by the delegation of the Communist Party to the Communist International; a report by Premier Molotov on the third Five-Year Plan; a report by Zdanov on proposed alterations to the party statutes and revisions of the party program. Final business of the congress will be the re-election of party functionaries.

According to a *Transocean* report from Moscow, diplomatic circles in the Soviet capital attach the greatest significance to the forthcoming congress. They point out that such gatherings are rarely held, but expect no opposition to the leaders' proposals since all opposition tendencies within the party were long ago liquidated.

Hitler Orders 'Eyes Left!'



—*Lynchburg News*

Guam Plans Menace No One, Says Paper

Replying to Japanese contentions that United States plans for the fortification of Guam are intended to further aggressive American designs against Japan, the semi-official *Army and Navy Register* in Washington said Jan. 28 that fortification of the island would be no threat to any other power.

The standing army of the United States is not large enough to permit the navy to undertake any aggressive action in the Far East, despite whatever fortifications and developments might be made at Guam, the journal said.

If the United States had a standing army such as that of Germany in 1914, or of Japan today, it declared, fortification of Guam might be considered as a threat to Japan.

"With our small standing army, and without conscription or many trained reservists, the United States Navy—however strong—is not an aggressive threat to any nation, with or without Guam, with Manila instead of Guam or with Guam instead of Manila."

The only purpose of fortifying the island was to permit the United States Fleet to control vital waterways leading to the United States from the Orient. For this reason, bases such as Guam, Pearl Harbor and Guantanamo should be strengthened.

Burma-Yunnan Air Service Due Soon

An agreement between the Chinese government and Imperial Airways, providing for the inauguration of an air service between Yunnan and Burma, via Hongkong, was announced in Chungking by Dr. H. H. Kung, president of the Executive Yuan, last week. Regular flights, it was understood, will commence in the very near future.

Three new air routes were inaugurated this week by the Eurasia Aviation Corporation, as follows: Between Chungking, China's provisional capital in Szechwan province, and Sian, capital of Shensi province; between Liangchow in central Kansu and Lanchow, capital of Kansu province; between Lanchow and Sining, provincial capital of Chinghai.

Another new air route is shortly to be opened to link Liangchow and Lanchow with Ninghsia City, capital of Ninghsia province. At present the Eurasia Corporation are operating the Chungking-Kweilin-Kunming and the Lanchow-Sian services.

On Jan. 25, according to *Domei*, Katsuo Okazaki, Japanese consul-general in Canton, acting on instructions of the Japanese army and navy authorities, called the attention of British, American, Italian and German authorities to instances of unidentified airplanes flying over Japanese-occupied areas in China. These flights, Mr. Okazaki said, were hindering Japanese military operations.

The only conditions under which it was permissible for foreign planes to fly over occupied areas, the representations stated, were if the machine announced its schedule at least two weeks in advance, if it flew on a predetermined course and did not exceed a height of 500 meters.

Planes Fired On

Two planes of Imperial Airways which left Hongkong at dawn on Jan. 31 were fired on near Waichow Island by a ship in the Gulf of Tonquin, but completed their hop to Hanoi and landed safely. One airplane is believed to be the *Delia*.

The Greater Japan Air Transport Company has decided to open a weekly air service between Tokyo and Palao, a Japanese-mandated island in the South Seas. Service will begin on April 1, according to the *Chugai Shimpo*, a trial flight with a Douglas passenger plane having been carried out Jan. 17.

Giant Clipper Primed

A giant Boeing Clipper plane, weighing more than 42 tons and with a passenger-carrying capacity of 74, is being primed at San Francisco, for her maiden flight to Manila and Hongkong by way of Honolulu, Midway, Wake and Guam. Built at a cost of $4,000,000, the new giant of the skies, property of Pan-American Airways, was expected to take off from Treasure Island, site of the 1939 Golden Gate Exposition in San Francisco Bay, on or about the opening day of the Fair, February 18.

The new Clipper is the largest airliner ever built for regular commercial air transport service, having twice the displacement of the China Clipper. Pan-American engineers believe the ship will create several world records for speed with load during her forthcoming flight to Manila.

With the new Clipper in service, Pan-American Airways' weekly schedule of trans-Pacific flights will be resumed. The loss of the Hawaii Clipper last year necessitated omitting a flight every third week.

Earthquake in Chile Takes 30,000 Lives

The most disastrous earthquake to occur since the appalling devastation of Japan by the quake of 1923, occurred Jan. 24 in the South American republic of Chile, causing, according to rough estimates so far made, some 30,000 deaths and an unknown number of lesser casualties.

People of Japan, remembering their own earthquake tragedy more than fifteen years ago, joined their efforts to those now being made on a world-wide scale to bring relief and succor to the stricken republic. A nation-wide campaign has been inaugurated under the sponsorship of the Foreign Office, the Tokyo Municipality, and business organizations interested in Latin American trade, to raise a sum equivalent to Pesos 100,000, half in cash and half in goods, *Domei* reported. Chile, it was recalled, was one of the first countries to send relief to Japan when the great earthquake struck the Tokyo-Yokohama area on Sept. 1, 1923.

The hardest-hit areas in last week's quake were Chillan, San Carlos and Parral. Chillan, a leading city, practically disappeared and 10,000 of its residents met sudden death, according to a *Havas* dispatch from Santiago. In one place, the earth gave way over a large area and 400 people were flung to their doom. The village of Kulnes, near Chillan, disappeared and all roads leading to it were riven by deep crevices. The main buildings in the town of Conception were all destroyed. Fire swept the town and water-pipes, electric cables and telephone wires were cut. Most of the dead were killed as they slept in crumbling homes, the earthquake occurring at midnight on Jan. 24.

British Cruiser Aids

The British cruiser *Exeter* landed rescue parties in Talca Huano where 2,000 persons are said to have been killed, and took on board 50 British women and children and about 350 Chileans, transporting them to Valparaiso. While Chilean government agencies set about rescue work and relief in the stricken areas, aid in the form of food and medicines was rushed to Chile by the United States and Argentina. Many other countries are also taking part in the international campaign for relief to Chile.

Some 4,000 square miles of territory in southwestern Chile were affected by the quake, it was estimated, and when a final count is made it is feared that the number of casualties may be greater than the rough estimates already made.

The total number of casualties in the Japan earthquake in 1923 was 246,540, of whom 99,331 were killed, 43,476 missing and probably all killed, and 103,733 wounded. Houses destroyed by the ensuing fire numbered 447,128; completely destroyed by collapse 128,266; washed away by tidal wave, 868. In addition, 126,233 houses half collapsed. Property loss was placed officially at Yen 5,500,000,000, which is equal to Japan's military budget for the coming fiscal year.

Kiukiang-Teian Railway Service Restored Last Week

Repairs on the 53-kilometer stretch, between Kiukiang and Teian, of the Kiukiang-Nanchang Railway completed, a reopening ceremony was observed Jan. 28 at Kiukiang, the *Tairiku Shimpo* reported. Starting from Kiukiang, a military train bearing the Japanese garrison commander and officers and men made the initial run through former war-torn areas. Retreating Chinese forces in the Lushan mountain range, had almost completely destroyed the railway, the paper said.

Admiral Kelly Suggests Baldwin Be Sent to Tokyo as Special Envoy

Advisability of sending a British statesman to Japan on a special diplomatic mission to seek a "fundamental readjustment" of Anglo-Japanese relations was being considered in London, a correspondent of the *Kokumin* claimed this week. On Jan. 24 the newspaper suggested in an editorial that Prime Minister Neville Chamberlain or Lord Halifax, Foreign Secretary, should come to Japan to discuss Anglo-Japanese problems with government leaders.

This proposal caused some reaction in London, according to the *Kokumin* correspondent, who reported that Sir Howard Kelly, former Commander-in-Chief of the British China Station, made it the subject of an article which he contributed to the London *Daily Telegraph* on Jan. 27. Sir Howard wrote that it would be obviously impossible for members of the British Cabinet to visit Japan, but suggested the possibility of sending a mission headed by a statesman of the caliber of former Premier Stanley Baldwin. Sir Howard was said to have suggested that such a mission might succeed in readjusting relations between the two countries.

Suggestions contained in recent American, British and French notes to Japan for the convocation of an international conference to discuss Far Eastern problems will be rejected as "useless" when the Tokyo government replies to the various Powers, *Domei* reported. Japan will remain adamant in her attitude towards the question of setting-up a new order in East Asia. The Japanese replies will be sent before Feb. 10, following Imperial sanction and Cabinet approval.

More 'Regrets'

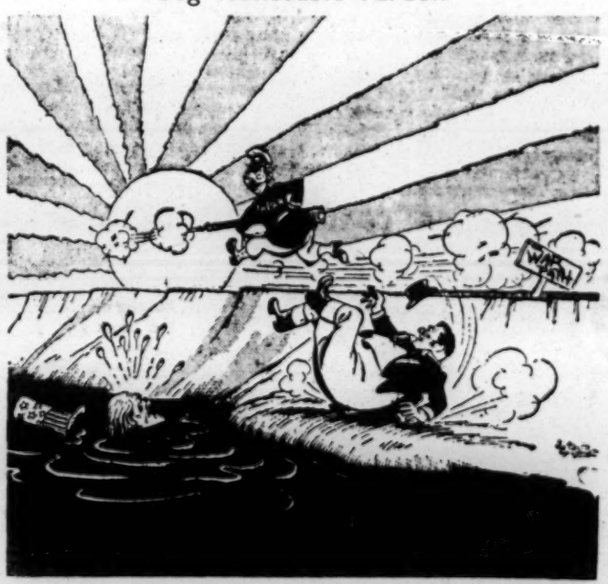
Regret will be expressed at the continued divergence of views between Japan and the three Powers, while a continued readiness to explain fully Japan's principles in her China policy will also be voiced, it was understood. An international conference, the Japanese Government will reportedly contend, would not serve to gap the differences between Japan, on the one hand, and America, Britain, and France on the other. Drafts of the replies to be addressed the three Powers have already been completed by the Foreign Office. America filed a note disagreeing with Japan regarding the latter's intention to establish a new order in East Asia on Dec. 31, while Britain made representations along the same lines on Jan. 14. France followed with a note on Jan. 18.

Speaking in the Japanese Diet Jan. 23, Yoshiharu Yutani denounced the diplomacy of Foreign Minister Hachiro Arita as representing a return to the diplomatic era of Baron Shidehara, "which was supposed to have been liquidated as the result of the Manchurian Incident." There was a tendency, he said, for Japan to become subservient to Great Britain and the United States, and that would make it impossible for Japan to reconstruct Asia. The speaker urged vigorous pursuit of the policy envisaging construction of a "New Order in East Asia." Europe, he said, is fully occupied with European problems. American public opinion is opposed to being involved in war. "There is therefore no reason to fear an economic blockade."

'Endurance Test'

The *Kokumin Shimbun* Jan. 23 reported a conversation between Tatsuo Kawai, director of the Information Bureau of the Foreign Office, and Sadao Iguchi, one his subordinates. The latter asked how Japan would fare if the country ran short of foodstuffs as was the case in Germany during the World War. Kawai is said to have thumped his desk and replied: "Well, in that case the conflict will become an endurance test. Eventually Japan will emerge victorious, as the Japanese can sustain themselves on *nigirimeshi* (rice-balls) and *takuan* (pickled radish)."

"Beg Honorable Pardon"



Hodges in Western Mail and South Wales Gazette

"The time will come when Germany and Italy will regret not lining up with the other European Powers in the Far East in a common front against Japan," declared M. Edouard Pfieffer, prominent French politician and member of a former Daladier Cabinet, when he passed through Singapore Jan. 28 on his way to Europe after a tour of the Far East.

M. Pfieffer was in the French Cabinet when M. Daladier was Prime Minister from 1933-34. He is now Political General Secretary of the French Radical Party and General Secretary of the International Entente of Liberal and Democratic Parties in Europe.

"It is a great blow that the German and Italian Governments have not understood the necessity of a common European front against Japan," added M. Pfieffer. "And yet most of their own observers in the Far East are convinced that their action will be greatly regretted in the future."

"I hold it an absolute necessity," he went on, "for personal contacts to be maintained by the naval, military and administrative heads of French Indo-China, the Philippines and Malaya."

Rehabilitation Said Under Way in Canton

With the population slowly drifting back into the city, mostly via Macao, from where the Japanese are running a bi-weekly shipping service, the recently-inaugurated municipal administration in Canton has seriously begun grappling with the task of rehabilitating that once great town, *Reuter* reports.

Among other things, it has re-established the Canton District Court, started a bus service, and established agencies and depots in various parts of the city to sell rice to the people at a low price. In addition, it hopes shortly to erect a wireless station for communication with the outside world. No effort, however, has so far been made to clear the charred debris of gutted buildings. In the majority of instances, only the walls are standing, and these will probably come crashing down should a minor storm hit the city.

A leading article in the Canton *Daily Sun*, the only English-language newspaper in the City of Rams, urges the immediate suppression of several "evil practices" now prevalent, including unrestricted gambling, "protection taxes" imposed by Chinese "volunteers," and the open sale of cat and dog meat. The journal is particularly bitter against the "volunteers," who pay frequent visits to small hawkers and shopkeepers, demanding a few cents each time as protection fee. No receipts are ever given, with the result that the same hawkers and shopkeepers pay the levy several times in one day because of the many different groups of volunteers operating.

Japan Has First Casualty in Dispute on Fisheries

His throat cut in an attempted suicide, undertaken to vent his indignation at the "outrageous attitude" of the Soviet Union in the Russo-Japanese fishery negotiations, Mr. Noboru Fukuhara, 38, a little-known lecturer, is lying in a serious condition in a hospital at Kumamoto. Mr. Fukuhara had been on a provincial lecture-tour showing motion pictures of the activities of Japanese fishermen in Soviet waters in the japan, Okhotsk and Bering Seas. Before attempting suicide in his hotel room, Mr. Fukuhara had addressed an audience of two thousand.

Arrests of Japanese in Singapore Protested

Acting on instructions from Tokyo, Mr. Issaku Okamoto, Japanese Consul-General in Singapore, filed a formal protest with the British authorities in connection with recent instances of alleged mistreatment of Japanese nationals at Singapore, the Foreign Office has announced. The Consul-General protested against alleged frequent unjustifiable arrests of Japanese residents and travelers by the Singapore authorities.

High Japanese Army Officer is Reinstated

Maj.-Gen. Kazumoto Machijiri, director of the Military Affairs Bureau of the Japanese War Office, who was suspended from duty Dec. 29 when held responsible for the disappearance of important documents, has been reinstated, according to a *Domei* message from Tokyo. The message did not state whether Col. Shio Ube and Major Jirokichi Cho, suspended at the same time and in the same connection, had been restored to grace.

Pai Chung-hsi Makes Appeal to Moslems

Addressing the Chinese Mohammedan Association in Chungking this week, General Pai Chung-hsi, commander-in-chief of the Chinese forces in the southwest provinces, urged the 50,000,000 Mohammedans in China to organize and give their full support to the government in the war against Japan.

If the Chinese continued their firm, vigorous resistance, General Pai declared, the war would be won in three years.

"Anyone who proposes peace will be denounced by the entire nation," he added.

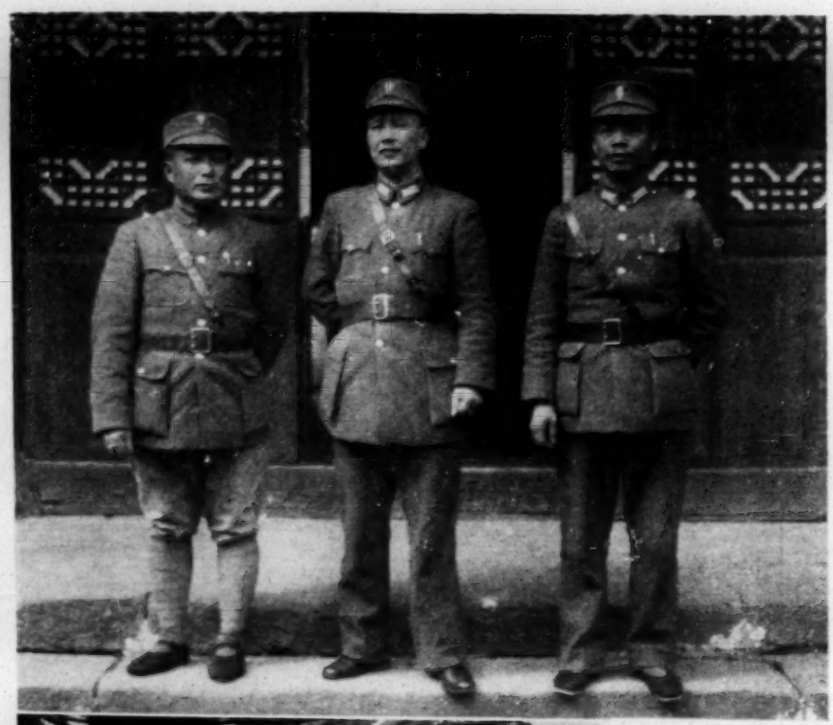
"To march forward means that we will find safety, but to retreat means catastrophe.

"The Japanese say that the war may last 100 years," General Pai concluded, "but we are prepared to fight for 1,000 years, if necessary."

Anti-Communist sentiment is growing among Mohammedans in northern Shensi and Ninghsia provinces, according to a *Domei* report from Paotow, Suiyuan, Jan. 31.

General Ma Hung-kwei, Mohammedan leader, was reported to have visited Wuchungpao in southeastern Ninghsia, where he allegedly ordered the inhabitants to drive away any Communist troops who may enter the district on the pretext of protecting the Ninghsia area. Declaring that Mohammedan and Communistic doctrines were incompatible, he urged his followers to drive all Red influences out of the district.

Southern Commander and Some of His Men



Above, center, Gen. Pai Chung-hsi, chief-of-staff of China's armed forces and commander of the troops in South China, seen with two of his subordinates: Gen. Liao Liu (left) and Gen. Li Ping-hsuen (right). Lower picture shows Kwangtung's Fourth Route Army on parade.

Japan Holds Lead in China's Trade

Japan occupies the leading place in China's import and export trade, according to figures published this week by the leading Chinese daily, *Shun Pao*. The relative positions of Japan and other leading countries were shown in the following comparative table:

CHINA'S IMPORTS

From	1938	1937
Japan	$209,864,000	$150,432,000
U.S.A.	151,254,000	188,859,000
Germany	112,939,000	146,374,000
Britain	70,606,000	111,695,000

CHINA' EXPORTS

Japan	$116,547,000	$84,306,000
U.S.A.	86,853,000	231,449,000
Germany	56,440,000	80,380,000
Britain	56,769,000	162,904,000

Anti-Semitism Flares Up in Mexico City

Organized anti-Semitism made its first appearance in Mexico City last week, when 3,000 Mexicans gathered for a demonstration under the guidance of the Nationalist Association and rioted for three hours before they were brought under control by a combined force of police and firemen, who played powerful jets of water on the demonstrators.

The Nationalists followed up the riot with an open letter to the Secretary of the Interior, denouncing the Jewish residents of Mexico. The riot was preceded Jan. 26 by an attempt to insult Jacob O. Glantz, 26-year-old Jewish poet and literary editor of the Jewish newspaper, *The Pathfinder*, in Mexico City. Glantz ordered his would-be insulter out of his office. The man returned later with 100 others, who proceeded to smash up the offices of the Jewish Chamber of Commerce and Industry, in which premises Glantz has his office. From 100, the mob grew to 3,000. They marched through the city yelling "Kill the Jews!"

It was believed that certain elements were using the anti-Semitic cry as ideological cover for a movement aimed at overthrowing the government of President Lazaro Cardenas, and a number of the ringleaders were arrested.

More Refugees Depart

A party of 400 Jews from Germany, Czechoslovakia and Poland embarked at La Pallice, France, for South America, *Transocean* reported Jan. 28. The agency said 8,000 Jews would leave France in the near future for the same destination. The German press recently printed reports of a mass emigration of Jews from Czechoslovakia, which is now completely under German influence. Last November there was a daily average of 600 Jewish emigrants, but the number increased to 700 in December, the press said.

The Nazi grip on the property of Jews emigrating from Germany has been tightened, *Reuter* reported from Berlin Jan. 28. Gold which Jews were permitted to take out of the country was previously restricted to a watch and wedding ring. Now they are prohibited from taking silver cutlery, jewels or carpets if they exceed 150 marks in value.

Swelling the ranks of the 1,400 Jewish refugees already in this city, 1,000 more were reported to have sailed for Shanghai from Naples on the Italian liner Conte Biancamano Jan. 28, although officials of the local Association for Relief of European Refugees said they were completely ignorant of the departure of this miniature army.

1,600 Chinese Fishermen Killed by the Japanese

Between June 1 and November 30, 1938, some 1,600 Chinese fishermen were killed near Hongkong by the Japanese, according to a report made by Chinese fishing associations in the British colony, states the *China Evening News*. During the same period, the report adds, 216 Chinese fishing boats were destroyed.

1,000 Cherry Trees For Hongkew Park

One thousand cherry trees for Hongkew Park arrived at Shanghai aboard the *Shanghai Maru* this week. The donor of the trees is Wahei Haraguchi, nursery man of the city of Kurume in Kyushu, who consulted the Japanese Consul-General here regarding the matter last year.

China's Struggle Is Likened to the American War of Independence

BY DR. HU SHIH

Following is a resume of the address delivered at a banquet in New York City last December 4 by Dr. Hu Shih, Chinese ambassador to Washington, and published by the Chinese Cultural Society in pamphlet form. We reproduce it because of its continuing timeliness.— *Editor.*

If I were asked to sum up in one sentence the present conditions in my country, I would not hesitate to say that China is literally bleeding to death.

We have been fighting for more than sixteen months against an aggressor which is one of the three greatest naval powers, and one of the four or five greatest military powers of the world. We have suffered one million casualties, including the killed and the wounded. We have vast territories being occupied by the invading armies. We have lost all the important cities in the coast and along the Yangtsze River: Peiping, Tientsin, Tsingtao, Tsinan, Shanghai, Hangchow, Nanking, Wuhu, Kiukiang, Amoy, Canton and the Wu-Han cities. Practically all the cities that are generally known to the outside world as centers of commerce and industry, of education and modern culture, of transportation and communication, are now either devastated or occupied by the invaders. Of the 111 universities and colleges, more than two-thirds have been either destroyed, occupied, or disabled; and the very few that are still functioning in the interior are working without equipment and under constant dangers of air raids. And, in addition to the vast number of casualties in the fighting forces, there are now 60 million civilian sufferers who have been driven from their destroyed homes, farms, shops and villages, and who are fleeing the invader and are roving the country without shelter, without medical aid, and in most cases without the barest means of subsistance. And there are every day hundreds of innocent non-combatants being murdered and slaughtered by the bombers of the Imperial Army of Japan.

Losses are Serious

And, most serious of all, with the loss of Canton in October, China is now entirely cut off from all access to the sea,—that is, from all access to fresh supplies of arms and munitions from abroad. We have to rely upon three back doors for future war supplies from abroad, namely, the overland route to Soviet Russia, the route through French Indo-China, and the route through British Burma. All these three routes are very difficult and not always dependable. After repeated threats from Japan, the French are reported to have now closed the Indo-China Railway to Chinese munitions. The overland motor road to Soviet Russia is open, but it is 3,000 miles from the Russian border to the present capital at Chungking, a distance longer than that from San Francisco to New York. No heavy pieces of munitions can be transported over such a long road with very few service stations. The Burma route is not yet quite ready for use. So for the present we are actually completely cut off from the sea and from our sinews of war. This also means that we are faced with tremendous difficulties in sending out our exports with which to secure our foreign exchange.

This is our present situation. Have I overstated the case in saying that China is literally bleeding to death?

It was natural that, after the fall of Canton and Hankow, there was a brief period of doubt, hesitation and even despair on the part of many of our people and of our leaders. As I have repeatedly pointed out to my American friends, there is a limit to the ability of human flesh and blood to fight against much superior mechanical and metal equipment; and there is always the danger of collapse through sheer exhaustion. It was quite natural, therefore, that my people should have had this period of doubt and indecision during which, as the press reported, there were talks of peace,—that is, there were serious thoughts of giving up the fight. In fact, our enemy, too, made it quite clear that they wanted peace.

But this period of hesitation was also a period of great decisions. It did not take very long for our leaders to come to the conclusion that it was impossible for China to have peace at the present moment simply because there was not the slightest chance for a peace that would be reasonably acceptable to my people. After serious considerations of all difficulties and potentialities, our leaders have definitely decided to continue our policy of resisting the invader and to fight on.

Three Points Stressed

In announcing this new determination to the nation and to the world at large, Generalissimo Chiang Kai-shek laid special stress on these points: that China will continue her policy of prolonged nation-wide resistance; that as the war has become really "nation-wide" and the enemy is drawn into the interior, both time and geography are on our side; that our war of resistance during the past 16 months has succeeded in retarding the westward advance of the enemy, thus enabling ourselves to develop communications and transportations in the vast hinterland and remove some industries thither; that we can only hope to win final victory through the greatest hardship and sacrifice; and that this war of resistance must be understood as a "revolutionary warfare" similar to the wars of American Independence, French and Russian Revolutions and Turkish Emancipation, and in such revolutionary warfare the spirit of the people will ultimately win out.

This is the solemn declaration of China's new determination.

What will the world think of this new decision of my people to fight on against tremendous and apparently unsurmountable difficulties? Will it regard this determination as sheer folly built upon no better foundation than the logic of wishful thinking?

Whatever the world may think of us, I can assure you that a nation that has sacrificed a million men and is prepared to make even greater sacrifices in fighting for its national existence cannot be accused of basing its hopes and aspirations upon mere wishful thinking. We are making a deliberate decision on the basis of the sixteen months' terrible but very instructive experience of the war. We have learned during these terrible months that our soldiers and officers are capable of heroic bravery and supreme sacrifices, that our people are bearing their losses and devastations without complaining against their Government, and that the sense of national unity and solidarity throughout the country including the parts temporarily under the military occupation of the enemy is beyond question. And we have also learned that our enemy is actually feeling the burden of the prolonged war; that Japan's finances are nearing the breaking point; that she is employing her full armed strength in fighting a nation which she had never seriously considered as capable of putting up a fight; that she is terribly worried by the vast expenditure of her store of war munitions intended for greater wars against more formidable foes; and that it is not impossible for us to wear out our enemy if we can only fight on long enough.

Revolutionary Warfare

Moreover, it seems to me as an amateur historian that there is much truth in the statement that our war of resistance is a kind of "revolutionary warfare" which can best be understood in the light of the history of the revolutionary wars of America, France, Russia and Turkey. Surely an American audience can appreciate this historical analogy. Not very long ago, an American friend wrote me these words: "China is now at Valley Forge; but I hope she will soon be at Yorktown." These words were written before I read General Chiang Kai-shek's message referred to

The Bull in the China Shop

—Elderman in Washington, D. C. Post

Uncle Sam: "That collection contains my goods." Japan: "Pardon, honorable Uncle Sam, it is now my collection."

above. It may not be entirely out of place for me to develop this historical analogy a little further.

John Fiske, one of your most scientific historians, said: "The dreadful sufferings of Washington's army at Valley Forge have called forth the pity and the admiration of historians. As the poor soldiers marched on the 17th of December (1777) to their winter quarters, their route could be traced on the snow by the blood that oozed from bare, frost-bitten feet . . . . On the 23rd, Washington informed Congress that he had in camp 2,898 men 'unfit for duty, because they are barefoot, and otherwise naked.' Cold and hunger daily added many to the sick-list; and in the crowded hospitals, . . . men sometimes died for want of straw to put between themselves and the frozen ground on which they lay. So great was the distress that there were times when, in case of an attack by the enemy, scarcely two thousand men could have been got under arms." (Fiske, *The American Revolution*, II, pp. 28-29.) That was Valley Forge in the winter of 1777.

Shortly after that, the English Government under George III and Lord North offered peace by unconditionally repealing all the laws which had led to the revolt of the American Colonies. It was declared that Parliament would renounce forever the right to raise a revenue in America. And commissioners were sent to America to deal with Congress, armed with full powers to negotiate a peace.

That was an offer of an honorable peace. Had the Fathers of this Republic accepted it, it could have avoided four more years of bloodshed and sacrifice, but there would have been no Independence and no United States of America.

The founders of the American Republic rejected the peace of 1778 and fought on for four years longer and won the final victory at Yorktown in October, 1781.

Valley Forge Analogy

We must remember that those intervening years were often almost as difficult and perilous as the dreary winter at Valley Forge. There were military reverses and losses of territory, and there were internal troubles and even high treason. There was no continental government; after three years' discussion, the Articles of Confederation had not yet been adopted. The Continental Congress had rapidly declined in reputation and authority. Congress had no power to tax the States; it could only go on printing more and more "greenbacks" to finance the war. This paper money soon depreciated until, Washington said, "it took a wagon-load of money to buy a wagon-load of provisions." "Early in 1780 the value of the dollar had fallen to two cents, and by the end of the year it took ten paper dollars to make a cent. . . . The money soon ceased to circulate, debts could not be collected, and there was a general prostration of credit . . . . A barber in Philadelphia papered his shop with bills." "Under these circumstances, it became almost impossible to feed and clothe the army. . . . When four months' pay of a private soldier would not buy a single bushel of wheat for his family, and when he could not collect even this pittance, while most of the time he went bare-foot and half-famished, it was not strange that he should sometimes feel mutinous." (Fiske, *op. cit.* II, pp. 196-200.)

Such were the conditions in 1780. Yet Washington and his colleagues did not give up the fight. A year later, the final victory came at Yorktown which ended the military phase of the War of American Independence.

I have gone into some details in describing the hardships and the difficulties of the War of 1776-1781, not only to show that the conditions of the Continental Army of Washington were not much better than those of the National Army of China in the present war, but also to illustrate what General Chiang Kai-shek means by characterizing our war of resistance as "revolutionary warfare in which the spirit of the people will ultimately win out." All revolutionary wars were fought by poorly equipped but idealistically inspired peoples against the well-equipped regular armies of an oppressor or aggressor. In the end, final victory almost invariably came to those whose idealism and heroism could overcome the greatest hardship and sacrifice.

If this is still wishful thinking, it is a type of wishful thinking so inspiring and so enticing that millions of my people are determined to test it out with their blood and their lives.

Before concluding, I wish to make another observation,—again based on historical analogy. I would like to ask: How

Dr. Hu Shih

did the fathers of this Republic ever get out of Valley Forge and march on to the final victory of Yorktown?

Factors in Victory

All historians agree that two factors were responsible. The first was that the Revolutionary Army fought on in spite of almost unsurmountable difficulties. But there was another and equally important factor, namely, that the cause of the American Revolution was greatly aided by the international situation of the time. The England of George III was disliked and hated by the great powers of Europe, whose sympathies were naturally on the side of the American colonies. The Continental Congress sent a diplomatic mission to Europe, directed primarily to the French Court of Louis XVI. Among the members of the mission was Benjamin Franklin who later became the first American Minister to France and who concluded a commercial treaty and a treaty of alliance with France and secured from France not only loans and subsidies totalling 45,000,000 *livres*, but also important military assistance in the form of a large and well-equipped expeditionary force. Even the most ardent advocate of American isolationism, Professor Samuel Flagg Bemis, tells us that "the combination of French armies and fleets in America with General Washington's forces brought about the final fortunate victory of Yorktown. The French alliance was decisive for the cause of American independence. No American should forget that." (Bemis, *A Diplomatic History of the United States*, p. 31.)

But it was not the direct assistance from France that alone was decisive for the American cause. The whole international situation at that time was directly and indirectly advantageous to the American Revolution. France and England were in an undeclared war as early as 1778. Spain declared war on England in 1779. In 1780, Empress Catherine of Russia proclaimed the principle of the freedom of the seas and the right of neutrals, a principle which was immediately accepted by all the enemies of England. In 1780, too, Holland was at war with England. But the year before the British surrender at Yorktown, England was practically at war with the whole European world and her colonial possessions everywhere were seriously menaced by France and Spain. It was this adverse international situation which made it impossible for England to reinforce her armies fighting in America and to deal any effective blow to the relatively small forces of Washington.

The moral of this historical analogy is quite clear. The final victory of China in her war of resistance to the aggressor, too, must depend upon two things: first, she must fight on, and she has no choice but to fight on; second, in her prolonged war, the time may come when the international situation may turn in her favor and against her enemy. She does not expect any other nation, however friendly and sympathetic, to take up arms and fight on her side. But she does expect, and she has a right to expect, that the sense of justice and the feeling of common humanity may yet be strong enough to move the men and women of the democratic and peace-loving countries to put a stop to the inhuman traffic of supplying weapons of war and essential raw materials for the manufacturing of weapons of war to a nation which was unanimously condemned by over 50 nations as the violator of solemnly pledged treaties and as the breaker of world peace, and which I do not hesitate to name as Public Enemy Number One among the family of nations.

Italian Colonization Fails in Ethiopia

Ethiopians have no confidence in Italy's currency and agree to be paid in Lires only because they can, through smuggling, exchange them for thalers, M. Jerome Tharaud, noted writer, reported in the Paris *Soir* from French Somaliland, where he is on a tour of inspection.

"For the past two years, millions of depreciated Lires have been sent out of the Empire and are feeding free exchange markets," he added.

Regarding the question of the Djibouti railroad, M. Tharaud reported that the Italians prefer to send their goods by other roads because transport rates must be paid in French francs, and they lack foreign currencies. The result has been a tremendous increase in the cost of living throughout the country. The Italians were unable to live in the country themselves. They must import everything they need from Italy, since the natives, fearing requisitioning by the authorities, are cultivating just enough land to cover their own scanty needs.

M. Tharaud also indicated that the Italian colonists are becoming discouraged with living conditions, and many of them are returning to Italy.

In conclusion, he stated that the Italians committed a grave error in wanting to include Abyssinia into the autarchic system.

Manchukuo to Join Postal Union Soon

Manchukuo's intention to participate in a "universal postal union" will be communicated soon to the union's head office in Geneva, it was announced last week. The Manchukuo Government will formally join a congress of the postal union to be held in Buenos Aires in April. Members of the organization, including Great Britain, America and France, will recognize Manchukuo's participation, it was understood by *Domei*.

Wu Pei-fu Becomes 'Pacification Commissioner?'

APPARENTLY succumbing to the blandishments of the Japanese intriguers who for months past have been casting around for old-time Chinese politicians and warlords to head their projected puppet central government in China, Marshal Wu Pei-fu, former Chihli warlord, has accepted a post as "Pacification Commissioner" under Japanese auspices, according to a *Domei* report from Peiping on Tuesday of this week. Marshal Wu, who previously was said to have rejected the Japanese offer, will make his headquarters at Kaifeng, capital of Honan province, the report said.

Prior to the announcement of Wu's acceptance of the puppet post, *Domei* put out a mass of stories purporting to show that Wu was being urged by various Chinese organizations in Japanese-occupied areas to lead a peace movement to "save China."

According to *Domei*, Wu will shortly go to Kaifeng to take up his post. He will raise an army for "salvation of China through peace" and battle against all forces opposed to that cause. Wu is also alleged to have predicted that the people would gradually turn against the National Government and that it would collapse.

Wu declared that he endorsed the statement issued by Prince Konoye, former Japanese premier, last Dec. 22, and the recent statements issued by Wang Ching-wei, as the basis for negotiation of peace between China and Japan.

Japanese sources furnished a few items about Wang Ching-wei, expelled Kuomintang politician, now nursing the humiliation brought on his head by his own "peace" movement. *Domei* reported from Hanoi that Wang would stay there for some time to watch the reactions to his peace statements. Tseng Chung-min, Wang's henchman, is now maintaining contact between his chief and the outside world. It was also reported that Wang was wounded in an attempted assassination, but the report could not be confirmed.

According to a Chinese report from Hongkong, Wang and his followers have wired General Chiang Kai-shek, stating that he would not go to Shanghai or Nanking to co-operate with the Japanese, but was prepared to proceed to Europe.

Chungking Getting Big Subway Tunnel

(Ta Kung Pao)

Chungking, provisional capital of China at war, is growing by leaps and bounds. Among the numerous constructive projects centered in this metropolis is the 4,100-meter tunnel now being excavated. This tunnel will shelter and protect upwards of 100,000 people during air raids and will become China's first underground tramway after the war.

The ground-breaking ceremony was held on the first anniversary of the outbreak of Shanghai hostilities on August 13, 1938. More than 250 labourers have been engaged in the excavation work, while many hundreds of workers in day and night shifts are kept busy transporting the sand-stone to the bank of the river.

The constant digging and drilling into Chungking's solid rock foundation gives the populace a music, at once startling but pleasant, as the 250 masons sound their hammers in a chorus. The hammer music that rings throughout the city is now and then broken by a terrific explosion when Chinese black powder is applied in place of dynamite to blast the rock.

There are twenty entrances to the tunnel. The entrances at the Cave of the Goddess of Mercy outside Tung Yuan Men (the west gate), at Wang Lung Men (the east gate), at Lin Chiang Men (the north gate) at Chiang Sze Men (the northeastern gate), at Central Park and Pien Tan Hsiang, run straight to the streets while those at other places are entered by ladders. A shaft is used at the entrance at Ta Tieh Street.

Most of the excavation work is done by manual labor. Only at the Cave of the Goddess of Mercy and Pien Tan Hsiang are two drilling machines used. This accounts for the fact that the tunnel will not be ready until some time in August, 1939, although the entire excavation will be completed next month.

The tunnel will be 2.5 meters wide and 2.5 meters deep. It is ten to thirty meters from its arched ceiling to the surface of the ground above. Wherever the rock gives way to earth, concrete arches are being built to make the tunnel bomb-proof. For ventilation, ten air pumps each of 5 to 10 horse-power will be installed. The tunnel will be lighted by a generator of its own. During air raids directions to the people in the dugout will be given by means of wireless loudspeakers. After the war, the tunnel will be enlarged so that a tramway service may be operated.

The total construction cost is estimated at $700,000. Of this sum the Ministry of Finance has provided $200,000, while the remaining $500,000 is being borne by the Air Defence Headquarters in Chungking.

The construction of small dugouts everywhere in the hilly suburbs, adds to the volume of the hammer music through Chungking. To date, the Engineering Department of the Chungking Air Defence Headquarters has built more than 50 public dugouts of this type, each 30 to 40 meters long, capable of accommodating 500 people or more. This number does not include those constructed by individual inhabitants and organizations.

Barcelona Falls Amid Dissension

Barcelona, stronghold of Spain's Loyalist government, fell unresistingly into the hands of the fascist troops of Gen. Francisco Franco on Jan. 27. Loyalist troops withdrew as the rebel Moorish and Navarrese divisions entered the city's outskirts.

Delaying in the city only long enough to hand over control to a newly-organized fascist militia, Franco's troops swept forward deeper into the province of Catalonia, reporting rapid progress during all of this week. Refugees by the tens of thousands fled towards France by land and by water, creating a sizeable problem for the French authorities.

On the eve of Barcelona's fall, dissension flared up between various parties adhering to Spain's Popular Front, according to *Transocean*. The Catalans, it was said, favored surrender of the city to Franco, while the "Marxists" preferred destruction of the city rather than surrender.

A Loyalist broadcast from Barcelona, on Jan. 25, according to the same source, admitted the dissension by alleging that certain "high officials" were secretly working for Franco, among them supposedly being Senor Luis Companys, president of the Catalonian Generalidad.

It was reported that at the eleventh hour before the fall of Barcelona, the Loyalist President, Manuel Azana, fled in a special airplane to France. Other prominent Loyalist personalities who reportedly followed his example were Premier Juan Negrin, Foreign Minister Alvarez del Vaya, and the Socialist leader, Largo Caballero.

Rome, Berlin Rejoice

Franco's victory at Barcelona was greeted with joy by the Italian and German governments—in the case of the former, as if it had been an Italian military victory. France and Britain are alarmed at the forward sweep of Franco's armies with Italian and German assistance, for the reason that Italy is gaining a strong foothold on the Iberian peninsula and will be in a position to threaten the Mediterranean communications of the two leading democratic powers.

Gen. Franco now controls 39 of Spain's provinces, the colonies and protectorates, while the Loyalist government now has only 11 provinces. The fascists control 377,363 square kilometers of Spain's home territory, while the Loyalists retain only 128,844 square kilometers. Franco rules 15,500,000 Spaniards, and the Loyalists 6,500,000. The Loyalist government's only ports are now Valencia, Cartagena and Alicante. In Catalonia, the Loyalists have lost the richest and most highly-developed province in Spain.

Immediate recognition of Franco's government was urged upon U. S. Secretary of State Cordell Hull by John McCormick, Democrat of Massachusetts in a letter at the beginning of this week. He contended that Franco had been recognized and accepted by the vast majority of Spain's population. Well-informed quarters in Washington asserted that "high Roman Catholic quarters" had been bringing pressure to bear on the government to recognize Franco. Senator Key Pittman, chairman of the Senate Foreign Relations Committee, said the question of recognition was "entirely up to the President" and that Congress had no jurisdiction in the matter.

National City Bank of N.Y. to Use Federal Banknotes

The Tientsin branch of the National City Bank of New York has decided to use Federal Reserve Bank notes and northern bank notes for payments to depositors, *Domei* reported Jan. 26. The measure was said to have been decided upon to meet the situation caused by official orders for devaluation and discontinuance of circulation of old bank notes after March 10.

A later report (Jan. 28) in the *Shun Pao* stated the manager of the National City Bank in Tientsin had "flatly denied" the foregoing *Domei* report.

Japan Still Leads As Exporter of Cotton Goods

Despite wartime exigencies, Japan is still maintaining first place as the world's chief exporter of cotton cloth, according to an investigation completed by the Federation of Japanese Cotton Spinners. During 1938, Japan exported 2,119 million square yards of cotton cloth. This was far in advance of Great Britain, Japan's nearest competitor in world cotton cloth markets, whose exports of cotton cloth for 1938 decreased by 560 million square yards from that of 1937.

China's Tea Exports Show Big Increase in 1938

Because of government measures of control, China's export of tea in 1938 increased in value by $6,000,000 over 1937, the *Sin Wan Pao* reports. With quality improved, the exported tea was examined and graded by the Foreign Trade Bureau. The products are divided into two grades. Total exports in the past five years follow:

1934	...	...	$50,078,452
1935	...	...	35,804,305
1936	...	...	40,277,237
1937	...	...	26,823,441
1938	...	...	33,054,085

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

January 15

Chungking city area bombed by Japanese planes. Over 40 casualties caused on south bank of Chialing River, where six bombs exploded. Casualties on north bank believed higher, where most of the bombs landed. In addition to heavy anti-aircraft fire, the raiders were also engaged by Chinese pursuit planes. One Japanese plane was shot down.

Chengtu also raided; casualties unknown.

Ichang heavily air-bombed twice today.

Over 150 casualties resulted from yesterday's Japanese bombardment of Wanhsien; six Japanese planes dropped 20 bombs on the city.

In the Japanese air raid on Chungking on Jan. 7, seven persons were killed and 26 wounded, according to official announcement by Chungking Air Defence Headquarters.

Severe fighting near Wuhu between Chinese and Japanese troops. Hsuanchen, strategic city southeast of Wuhu, recaptured by the Chinese for the third time.

Addressing Chinese Women's organizations at Chungking yesterday, Madame Chiang Kai-shek declared that China can not and will not talk peace with Japan. Madame Chiang emphasized that China can and must win if the Chinese women unite to do their part in present struggle.

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January 16

The number of casualties caused by Japanese air raid on Chungking yesterday officially estimated at between 300 and 400. Several bombs struck the poor quarters of the city, near the East Gate, one demolishing a tea-house packed with people, burying in the ruins all those who were in the building. One girls' school also destroyed, though there were no casualties. Many residents began to leave Chungking following the bombardment.

Situation in Southwest Shansi tense, as Japanese forces continue to attack the Yellow River crossings, in the vicinity of Wuwantu and Yumentu.

Commenting on the 104th session of the League Council opening today, Chinese newspapers at Chungking urged the League to adopt effective measures to help China instead of merely passing empty resolutions.

Gen. Wei Li-huang, Deputy Commander of Chinese Forces in Shansi, promoted Commander of the Honan Area. Gen. Wei assumed his new post on Jan. 11. Gen. Wei believed that Japanese forces would not be able to cross the Yellow River, owing to presence of large number of Chinese troops in Shansi.

Gen. Wu Te-chen, until lately Chairman of Kwangtung, and previously Mayor of Greater Shanghai, arrived at Chungking yesterday to report to the Government on conditions in Kwangtung. Gen. Wu will be assigned a post in the Government at Chungking.

Wang Ching-wei, expelled Kuomintang leader, alleged to be secretly engaged in peace negotiations with certain Japanese at Hanoi.

Ministry of Finance issued statement, announcing partial defernment of payment on loans secured on Chinese Maritime Customs revenues. Japanese blamed for detaining revenues earmarked for payment loans secured on Customs revenues.

January 17

Members of League of Nations urged to stop the supply of arms and financial credits to Japan by Dr. Chu Chia-hua, President of Chinese League of Nations Union. Dr. Chu also urged the League Council to give financial aid to China.

Chinese press at Chungking praised British Note to Japan on Jan. 14. The **Ta kung Pao** said, "The Note has dispelled once and for all the numerous misgivings which the Chinese have hitherto entertained regarding British policy in the Far East."

Lin Pai-sheng, secretary of Wang Ching-wei and Editor of the **Hua Nan Jih Pao**, Wang's publicity organ at Hongkong, seriously injured by two assailants in Hongkong, who attacked Lin with hammers.

Ministry of Finance issued further statement, explaining the decision to defer payments on loans secured on Customs revenues.

"Manchukuo" formally joined the Anti-Comintern Pact, according to report from Tokyo.

Holding himself responsible for the disastrous fire at Changsha on November last, Gen. Chang Chih-chung resigned from his post as Chairman of Hunan Provincial Government; General Hsueh Yueh mentioned as his successor.

Wang Ching-chang appointed Manchukuo's commercial representative at Shanghai, according to Japanese report.

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January 18

An appeal for an embargo on the export of airplanes and petroleum to Japan and boycott of Japanese goods was made by Dr. Wellington Koo at yesterday's meeting of the League Council Session. In a stirring speech, Dr. Koo also appealed to the member-states of the Powers for financial aid for China.

Nelson T. Johnson, American Ambassador to China, declared upon his arrival at New York that the Chinese people were full of hopes for an eventual victory.

Hunan Provincial Government reorganized; Gen. Hsueh Yueh appointed Chairman, succeeding Gen. Chang Chih-chung, who had resigned.

Japanese resume offensive operations on southern sector of Canton-Hankow Railway; reported advancing northward in two columns.

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January 19

Following the example of the United States and Great Britain, France today sent a Note to Japan, rejecting any unilateral modification of the Nine-Power Pact. Contents of the Note similar to the British and American Notes, delivered some days ago.

According to figures released by Chinese authorities at Chungking, between July 7, 1937 and Nov. 30, 1938, a total of 35,157 civilians, mostly women and children, were slaughtered by Japanese aerial bombardment. Wounded by Japanese air bombings numbered at least 44,050. Altogether 417 towns and cities in 20 out of 28 of China's provinces were bombed. The number of bombardments during the period totalled 3,548. Of all these provinces, Kwangtung was the worst hit. There were 1,318 air raids on 52 of its cities, resulting in 9,797 deaths and the wounding of 13,902, the victims being all civilians.

Two hundred persons were killed and wounded and 800 houses demolished yesterday, when 23 Japanese planes bombed the central district of Sian, capital of Shensi. More than 80 bombs were dropped.

Sino-Japanese war to last for a long time, declared Nelson T. Johnson, American Ambassador to China, upon his arrival at Washington. "China's resistance is continuing," the Ambassador added. "The war has proved beyond any doubt that airbombings do not win a conflict." Mr. Nelson conferred with Secretary of State Cordell Hull on the Far East situation.

Puppet Peiping regime issued proclamation, banning the circulation of banknotes issued by the National Government after March 10.

Remittances to China by Chinese residing abroad exceeded $600,000,000, of which $120,000,000, were directly contributed to the national treasury in 1928, according to reports.

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January 20

League Council adopted resolution, requesting member-states to hold consultations for taking effective measures for assistance to China along lines proposed by Dr. Wellington Koo, China's chief delegate. Dr. Koo said that the resolution obviously could not be satisfactory to the Chinese Government, but he accepted it because it was the only one on which unanimous agreement had been reached.

Heavy fighting developed in West Hupeh, where Chinese and Japanese forces are struggling for possession of Chingshan and Tienmen. Chingshan reported occupied by the Japanese on January 18; Chinese troops counter-attacking.

Fifth Plenary Session of Central Executive Committee of Kuomintang opened at Chungking today, time and place of the meetings held secret in order to assure safety of the delegates, in view of possible Japanese air-bombings.

Italian Catholic Mission at Tungchow, in south Shensi, 100 kilometers northeast of Sian, bombed by Japanese airplanes on Jan. 16, resulting in the killing of three Chinese adults and wounding of eight children, according to report received at Chungking. No Italian priests of the Mission were injured.

United Aircraft Corporation, only American firm, which refused to comply with Secretary of State Cordell Hull's advice not to export American airplanes to Japan, officially assured Secretary Hull that it too would stop shipments to Japan. Official of company stated its order for propellers was placed many months ago.

Gen. Chiang Kai-shek appointed to concurrent post of President of People's Political Council, succeeding Wang Ching-wei, who was expelled from the post.

Dr. M.I. Ting, woman superintendent of Peiyang Women's Hospital Tientsin arrested and detained by Japanese military police in Tientsin. Japanese arrested Dr. Ting, "because she refused to let the doctors and nurses of her hospital neglect their patients in order to join a parade ordered by the Japanese Army."

Two large military airdromes are now being constructed by Japanese military in Wuhan Area, according to a foreign military observer who arrived at Shanghai from Chungking. Using the two airfields as a base, Japanese planes are expected shortly to launch raids on towns and villages in Northwest and Southwest. The decision to adopt a policy of widespread aerial bombing resulted from failure of the Japanese infantry drives, according to Chinese reports.

Gen. Chiang Kai-shek issued circular telegram appealing to the Chinese gentry and intelligentsia to assist the Government in enforcing military conscription and promoting economic reconstruction during campaign of prolonged resistance.

January 21

Negotiations reported completed for a £3,000,000 loan to China by Great Britain to support Chinese currency and stabilize exchange, according to report in the London **Daily Herald.**

Japanese report that Dr. Wellington Koo, Chinese Ambassador to France, had been appointed Foreign Minister of the Chinese Government denied by Chinese Embassy at Paris.

"Japan's final goal in the China hostilities does not lie simply in the achievement of military victories but in the establishment of a new order in East Asia on a foundation of China's rebirth and mutual co-operation between Japan, 'Manchukuo' and China," Premier Baron Kiichiro Hiranuma declared in an address to the Diet today. "As long as his goal is not attained there will be no end to the conflict," he stated.

Re-affirming Japan's intention of creating a new order in Asia, Foreign Minister Hachiro Arita, in address before the Diet, assailed the Powers' attempt to maintain **status quo,** which he said, "is actually not in accordance with justice." Arita urged Japanese people "to walk fearlessly along the path of righteousness in the execution of our national policy." Retaliatory measures against inflow of munitions into China hinted in speech.

Army expenditures for the 1939-40 fiscal year totald Y5,490,000,000 according to budget estimates submitted to present session of Japanese Diet.

Bombing of Kuling by Japanese aircraft during the past two days confirmed in reports received at Hankow.

Detention of Dr. M.I. Ting, Chinese woman physician, by Japanese police at Tientsin, confirmed, according to **Reuter** report from Tientsin.

U. S. Treasury Department forbids sale of Japanese Government bonds in Hawaii.

British and American missionaries at Chungking cabled League of Nations, protesting against the ruthless Japanese airbombing of civilians in Chungking.

Ten Japanese bombers heading for Chungking from Hankow turned back because of weather conditions.

Position of Chinese forces west of Hankow said to have improved considerably following complete reorganization carried out under personal supervision of Gen. Ho Ying-chin. Japanese troops attempting to push southwestwards in the direction of Shasi.

Nippon Squadron Back From Secret Cruise

Two cruisers of a Japanese training squadron, the *Iwate* and the *Yakumo*, which sailed from the Yokosuka Naval Station on Oct. 21 on a long-distance cruise to an undisclosed destination, were to return to the naval port Jan. 30, it was announced through *Domei*. The squadron is under the command of Vice-Admiral Umataro Tanimoto.

Government Stores Foodstuffs in Chungking

The Agricultural Credit Bureau has made an appropriation of $1,200,000 to the Szechwan Food Control Bureau for the purchase and storage of foodstuffs, for use during the campaign of prolonged resistance, states a *Kuo Min* report.

700 Germans Honor Nazi Anniversary

Some 700 Germans in Shanghai met at the local German Hall on Jan. 30 to celebrate the 6th anniversary of the advent of National Socialism in Germany. S. Lahrman, head of the local branch of the party spoke on the great progress which had been made since Hitler became head of the Government. Among those present were the German Charge d'Affaires Dr. Fischer and Consul-General E. Bracklo. Part of the ceremony consisted of exercises carried out by a Nazi guard of honor in uniform.

Who's Who in China

Wu Ching-chao, Government official; born at Sihsien, Anhwei, March 5, 1901; studied at Tsing Hua College, Peiping, 1915-23; B.A. University of Minesota, U.S.A., 1923-25; M.A. Ph.D., University of Chicago, 1925-28; Professor of Sociology,

吳 景 超
Wu Ching-chao

University of Nanking, 1928-31; Professor of Sociology, Tsing Hua University, 1931-35; Senior Secretary, Executive Yuan, 1935-37; Senior Secretary, Ministry of Economic Affairs, since 1938; author of the following books: Social Organization, Urban Sociology, Biological Foundation of Society (World Book Press) and China—A Way Out and Industrialization of China (Commercial Press); address: Ministry of Economic Affairs, Chungking, Szechwan.

Japanese Daily Announces Reopening of 'New Asia'

Closed to the public since the outbreak of hostilities in the Shanghai area, the New Asia Hotel on Tiendong Road is scheduled to reopen about Feb. 15, the *Tairiku Shimpo* reported this week. Preparations for the reopening have been progressing during the past few weeks. It is expected to help relieve the housing problem in Hongkew, the paper said.

The local *Wen Hui Pao*, as reported in last week's *Review*, said Jan. 22 that the New Asia Hotel was undergoing alterations with a view to converting it into a gambling house and brothel.

Hongkew Teachers and Officials May Get Raise

Wage problems are troubling the Japanese Residents' Corporation in Hongkew, as some school teachers and officials are "walking out" because of low salaries and taking other jobs, according to the *Tairiku Shimpo*. Compared with the standard of wages paid to employees of Japanese companies, Japanese Residents' Corporation employees and officials have been underpaid by 30 per cent, the daily said. Lowering of "efficiency" among school teachers, in particular due to low wages, has led the Japanese Residents' Corporation to consider a salary increase among teachers and officials, the paper reported.

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AMOY	TIENTSIN	*Panhsien*	*Lotban*
Foochow	Peiping	KUNMING	*Kwangyuan*
Tzinkiang	NANCHANG	*Mengtsu*	*Santai*
Nanping	*Kian*	CHUNGKING	*ICHANG*
Chienou	*Linchwan*	Chengtu	*Hankow*
Pucheng	Chengchow	*Wanhsien*	Changsha
Santuau	Kaifeng (Nanyang)	Ipin	Changteh
Kulangsu	*LOYANG*	Yaan	*Hengyang*
CANTON	Sian	*Kiangtsing*	*Lingling*

FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Men and Events

Hans Melchers, Manager in the Far East for the German *Transocean* news service has returned to Shanghai from a month's trip to Manchukuo.

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J. V. Crowe, Manager in the Far East for Ford Motor Company Exports, Inc., is departing shortly for the United States on six months' leave. He will be accompanied by Mrs. Crowe.

*

M. G. I. Melchior, Vice-Consul for Denmark at Shanghai for the past five years, has been appointed Secretary of the Danish Legation at Brussels, Belgium. Mr. and Mrs. Melchior and their son have already departed for Europe.

Irene Kuhn, formerly a member of the staff of *The China Press*, Shanghai, and more recently a feature writer on New York City papers, is now making a lecture tour of the United States. Recent articles by Mrs. Kuhn are appearing in *Good Housekeeping* and *Pictorial Review*.

E. J. (Dinny) Doyle, formerly a member of the staff of *The China Press*, and now radio editor of *Hearts Newspapers* in New York, has been serving as master of ceremonies at Loew's State Theater in New York City in the presentation of new radio discoveries.

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According to the *Wen Hui Pao*, the Wing On Cotton Mill has begun training 100 war refugees as cotton mill workers. During the training course the workers will receive 25-cents daily as wages. The report stated that eight Chinese cotton mills in the Shanghai foreign settlements were planning to resume operations shortly.

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Cheong-Yin Wong, a 27-year old graduate student at Michigan State College, Lansing, Mich., has developed a seedless watermelon. The melon was exhibited at the college on Dec. 19. Wong said the flavor of the melons was unimpaired, although the shape was somewhat different, being pear-like. They weight about 8-pounds each.

*

Mrs. C. Yates McDaniel, who has been visiting relatives in Japan, returned this week to Shanghai and accompanied her husband to Hongkong where they will reside in future. Mr. McDaniel is correspondent for *The Associated Press* and has been stationed at the Shanghai office for several weeks.

*

Miss Ida Porter, 70-years old, who had spent 27 years in missionary work in China, collapsed and died while addressing the Pentacostal Church of God at Santa Rosa, California, on Jan. 28. Miss Porter, in the course of her talk said, "I will soon be in Heaven myself . . . I thope I will meet there many of the Chinese people whose feet I have set upon the right path . . . I feel myself nearing the Heavenly Gates now . . . ."

*

George Fitch, formerly general secretary of the Y.M.C.A. in Nanking at the time of the Japanese occupation, who has been in the United States for sometime, has returned to China and after several days in Hongkong has proceeded to Kunming and Chungking. He will be stationed in Chungking in future. Mrs. Fitch, who is now lecturing in the United States, will remain there this year while their sons are in school. In letters to friends in Shanghai, Mrs. Fitch stated that she probably would join Mr. Fitch in Chungking late in the year.

The Japanese authorities announced (*Domei*, Jan. 29) that the completion of repairs on the long bridge across the Hwai River in northern Kiangsu, had made it possible to resume service on the entire Tientsin-Pukow Railway. The Hwai River bridge was destroyed during the Sino-Japanese hostilities last year.

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The Scripps-Howard Newspapers, of which Roy Howard is President, charged the Roosevelt Administration with discrimination because the Washington authorities prohibited the sale of Japanese war bonds in Hawaii, while permitting the sale of Chinese victory bonds. The report was published in the Tokyo *Nichi-Nichi* on Jan. 24.

*

The Tokyo *Asahi* announced on Jan. 21 that a "genuine" domestic-made airplane was scheduled to conduct a flight (starting on Jan. 21) which would link Osaka, Fukuoka, Taihoku, Canton, Shanghai, Nanking, Hankow, Peiping and Tsingtao. The flight was advertised to be the first Japanese attempt to link the cities of North and South China with Japan proper and Formosa. No report of the flight was made by any of the Japanese newspapers or press services here.

A large German department store known as "Casa Lohner" in Rio De Janeiro, Brazil, was badly smashed by rioters on Jan. 27 because of an advertisement which the firm inserted in a local newspaper stating it desired to find new employes, but specifying that their nationality "must be German." The demonstrators, numbering more than 100, were dispersed by special police reinforcements.

*

Japanese bombs dropped in Sian, Shensi on Christmas Day, destroyed one of the two artesian wells in the city which supply fresh water. The ordinary surface water in Sian is brackish, hence the Chinese Christian Church sometime ago raised the sum of $1,000 to pay for an artesian well located on the premises of Bishop Shen of the Chinese Church. The Japanese bombs, two of which fell in the Church compound only 50-feet from the Church-house and office, broke all of the windows and smashed some of the doors. Since glass is scarce in the city, it was necessary to paste paper over the windows. According to a letter received in Shanghai giving the foregoing information, it was stated that the destruction of one of the only two deep wells in the city caused serious complications.

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Ex-Kaiser Wilhelm celebrated his 80th birthday at Doorn on Jan. 27. Sixty members of the imperial family arrived at his place of exile in Holland for the celebration.

*

James R. Young, correspondent for Hearst's *International News Service* at Tokyo, who has been in the United States for several months on leave, is expected to return to Tokyo shortly.

*

The British-American Tobacco Company will shortly reopen its branches along the Shanghai-Nanking Railway—at Nanking, Soochow, Wusih, Wuhu and also at Hangchow—according to a report in the *Sin Wan Pao*, Jan. 30.

*

Marc T. Greene, correspondent for various newspapers in the United States, who has been in Shanghai for several weeks, is departing shortly for Hongkong and after a few days there will proceed to Singapore, Australia and New Zealand.

*

A concert for the benefit of the organ fund of Community Church, Shanghai, was scheduled for Thursday evening, Feb. 2. Those participating in the concert were Mrs. J. E. Fullam, Mrs. F. W. Clifton, Signor Attilio Genocchi, Pavil Biriulin and R. Vyvyan Dent.

*

Gen. Yang Chieh, Chinese ambassador to Moscow, is to be recalled from his post, according to a *China Evening News* report from Chungking. He will be replaced by Gen. Wang Yueh-huang, who was recently appointed head of the Central Military Academy.

*

Dr. M. W. Rankin and S. C. Leung, who were delegates to the International Missionary Conference at Madras, India, are scheduled to talk on the subject "Meaning and Message of Madras," at a meeting of the Shanghai Missionary Association on Tuesday, Feb. 7. The meeting will be held in Community Church at 5.45 p.m.

*

The *Chinese-American Daily News*, a new Chinese paper recently started in Shanghai, reported on Jan. 24 that someone distributed a number of handbills in the Chinese language on Yu Ya-ching Road in the International Settlement, which were entitled, "Anti-British Sentiment is Growing in Burma and a General Anti-British Strike Will be Declared Soon."

*

Dr. Mi Ting, well known Chinese woman superintendent of the Peiyang Women's Hospital at Tientsin, who was secretary arrested and detained by the Japanese military authorities in Tientsin, was released on Jan. 29. She refused to make any statement about her detention, but her friends had explained earlier that the cause of her arrest was her refusal to permit her hospital nurses and attendants neglect their patients in order to march in parades ordered by the Japanese military.

*

Paul V. McNutt, U. S. High Commissioner to the Philippines, was host on Friday evening, Jan. 28, at a formal dinner in Manila in honor of Sir Percy Noble, Vice-Admiral, in command of the British Fleet in the Far East, and his wife. Other guests included American high Army and Navy officers stationed in the Philippines. Although not concerned with the visit of the British Vice-Admiral to Manila, the Philippine Commonwealth Government announced the arrival of the first of a fleet of speedy torpedo boats which had been purchased in England. The boats will be thoroughly tested by Philippine and U. S. Army officers prior to being placed in service of the Offshore Patrol.

Five school teachers from Australia arrived in Kobe on Jan. 26 for a tour of Japan as guests of the Board of Tourist Industry of the Ministry of Railways of Japan, and the Culture Bureau of the Foreign office. The teachers will remain in Japan for one month with all expenses for travel and hotel service paid by the Japanese organizations. The object of the trip, according to *Domei* is to promote "better understanding" between Japan and Australia.

*

Baron Albert de Bassompierre, for the past 18 years Belgian Ambassador in Japan, was given a farewell luncheon by Emperor Hirohito at the Imperial Palace in Tokyo, on Thursday, Jan. 2. Guests included Prince Nobuhito Takamatsu, younger brother of the Emperor; Kurahei Yuasa, Lord Keeper of the Privy Seal; Tsuneo Matsudaira, Minister of the Imperial Household and other court officials. The Empress Dowager also gave a farewell audience for the retiring Belgian ambassador and Baroness de Bassompierre.

*

The U. S. S. Yangtsze patrol boat *Monocacy*, which had 25 years' service on the Yangtsze as a unit of the American Asiatic Fleet, was officially decommissioned on Jan. 31, and probably will be used for target practice, according to report this week. The ship was built at San Francisco and commissioned on June 24, 1914. The last commander of the *Monocacy* was Lieut. C. V. Conlan, who recently brought the boat to Shanghai from Kiukiang where it was stationed for many weeks following the Japanese occupation of the Yangtsze area.

*

Frank Arthur Simon, an American, was sentenced to one year's imprisonment by Judge Milton J. Helmick of the U. S. Court for China on Monday, Jan. 30. However, Simon's sentence was suspended conditional on his good behavior for a period of five years. Simon was charged with issuing registration papers to Chinese junk owners, which had the effect of causing the junks to appear to be American-owned. In this connection Simon was charged with altering a letter from the American Consulate-General in which it was specified that the junks would not be permitted to fly the American flag. Simon was originally charged with "conspiracy against the United States," concerned with fraudulent registration of ships, but the charge was later changed to forgery of a consular document. Simon was represented by J. B. Davies, attorney, who urged leniency, who said that Simon had returned the money he had received from the Chinese.

Puppets and Japanese Squabble Over Ferry Service

Prior to the Japanese occupation, the ferry service between Shanghai and Pootung was operated by the Bureau of Public Safety of the Municipality of Greater Shanghai. After the Japanese occupation, the Japanese military authorities turned the business over to the Nisshin Kisen Kaisha, which formed a new company known as the Japanese Shanghai Ferry Company. Later when Fu Siao-en was appointed Mayor of the Ta-Tao Government, he sought to take over the ferry service from the Japanese but was prevented. Mayor Fu, who was once head of the China Merchants Steam Navigation Company, then started a service of his own from the Bund to Tungchang Road in Pootung. According to the *Sin Wan Pao*, other Japanese interests, attracted by the large profits are now planning to force Mayor Fu's line out of existence, and also are trying to compete with the original Japanese Shanghai Ferry Company.

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In the United States Court for China

In the Matter of the Estate of WILLIAM PENN HUGHES, Deceased.	Cause No. 4114 Estate No. 1993 NOTICE OF HEARING Filed at Shanghai, China, this 28th day of January, 1939. WILLIAM T. COLLINS Clerk.

NOTICE OF HEARING

Pursuant to an Order herein made notice is hereby given to all persons concerned or interested that the Final Report and Account of the Administrator of the above entitled Estate has been filed and approved and that there will be a hearing with respect to the distribution of the assets of said Estate on Friday the 28th day of April, 1939, at 10 o'clock in the forenoon in the Court room of the United States Court for China at Shanghai.

WILLIAM T. COLLINS,
Clerk, United States Court for China.

Franklin & Harrington,
Attorneys for Administrator,
Shanghai, China.

U. S. Orders Ten New Ships for Pacific Run

The construction of ten modern, high-powered combination passenger and freight vessels, several of which will be placed on the Oriental run, was ordered on Jan. 28 by the United States Maritime Commission as the first step in an effort to regain for America its former position in international shipping. Six of the ten vessels will be steam propelled and will be assigned to the American President Lines at San Francisco for their round-the-world route. The remainder of the new vessels will have Diesel engines and will be assigned to the Seattle-Orient run. No operating company for the four Diesel motor ships for the Far Eastern route has been selected by the Maritime Commission, although the American President Lines probably will make a bid to obtain operation of the vessels. Officials of the company at San Francisco said they were "interested" in the Seattle-Orient service and indicated that they would probably undertake to control this route.

All of the new vessels will be 492 feet in length and capable of travelling at 16½ knots per hour. The steamships are to be constructed at the Newport News yards at a cost of U.S.$2,890,000 each. Each of the Diesel-engined ships is to be constructed elsewhere at a cost of U.S.$3,167,000 each.

American President Lines officials at San Francisco announced according to *United Press*, that the new steamships would enable the company to complete the withdrawal from service of seven ships of the "502" type, better known as the Presidents Adams, Garfield, Harrison, Hayes, Polk, Monroe and Van Buren, all of which formerly touched Far Eastern ports.

Nanking-Trained Korean Patriot Arrested at Tientsin

A courageous Korean revolutionist, who had spent nine months allegedly directing Chinese guerrilla activities against the Japanese in Hopei province, was arrested by the Japanese authorities in the French Concession at Tientsin, on Jan. 29, according to *Domei*. The Japanese report claimed that the Korean, who was named Chao Hsiang-yuan, was graduated from the Chinese Military Academy in Nanking and was attached to the 28th Brigade of the 10th Division with the rank of Sub-Lieutenant. It was stated that young Chao had gone to Tientsin under orders of Gen. Chiang Kai-shek and Chin Chiu, head of the Korean Nationalist Party, who is now in Chungking. Chao was deported to Korea.

"Cunning" Spies to Be Suppressed in Japan

According to the *Asahi Shimbun* (Tokyo) the Ministries of War, Navy, Home and Justice are cooperating in the drafting of an Espionage Prevention Law, designed to "fight the cunning of foreign spies" in Japan. The measure will be introduced in the Diet shortly.

Exodus of Japanese Merchants from Suiyuan

Japanese merchants in Suiyuan are selling their goods at auction and preparing to leave the province, according to reports received in Chungking from Kweilin and published locally by the *China Evening News*. Families of Japanese merchants are said to have already departed. No reasons are given for the exodus.

Japan Sells More Raw Silk to U.S.A.

Confounding claims made by boycott organizations in the United States, that Japan's silk exports to that country have been seriously affected by a voluntary boycott by consumers of such articles as silk stockings, the raw material for which is produced in Japan, the Japan Central Silk Association has published statistics showing that Japan's raw silk exports to North America last year increased by 13,257 bales over the 1937 figure.

Whereas North America took 380,169 bales of raw silk from Japan in 1937, the total rose in 1938 to 393,426, the statistics show. The only serious decreases in Japan's raw silk exports last year were 9,748 bales in the case of British India, 1,060 bales in the case of England, and 1,388 bales in the case of Brazil.

In total raw silk exports from Japan, there was an increase of 1,436 bales over the 1937 figure. Whereas in 1937 the total export was 476,360 bales, the figure for 1938 was 477,796 bales. Detailed figures according to country, as released by the Japan Central Silk Association, are as follow:

Exports To	1938	Increase	Decrease
	(bales)	(Compared to 1937)	
North America	393,426	13,257	
France	31,358	1,639	
England	33,619		1,060
Germany	3,340		122
Italy	420	125	
Switzerland	200		280
Czechoslovakia	10	10	
Poland	417	182	
Belgium	30		10
Uruguay	56	45	
Ireland	10	10	
Australia	7,844		786
Brazil	1,971		1,388
Canada	295		441
Argentina			2
British India	2,371		9,748
French Indo-China	1,386		1,102
Dutch East Indies	12		8
Siam	78		29
Egypt	870		454
French Morocco			221
Algeria	2		73
Syria	3		5
Tunisia			286
Iraq	5		97
Others	69	4	

Tokyo to Demonstrate War Usefulness of Horse

Hoping to make the public realize the military usefulness of horses, the War Office is sponsoring a "big parade" of more than 1,000 horses through the streets of Tokyo on Empire Day, Feb. 11, celebrating the 2,599th anniversary of the founding of the Japanese Empire. Over 600 civilian horsemen as well as Army cavalry, artillery, and mounted infantry units will participate in the parade.

Japanese Air Raiders Blast Train on Lunghai

A Japanese Army air unit blew up a train of eight passenger and freight cars running between Shanchow and Sinan on the Lunghai Railway in northwestern Honan, *Domei* reported Jan. 26. Disorganized Chinese troops were said to be moving westward from areas east of Loyang on the Lunghai line.

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New Books of Interest in the Far East

Chinese Foibles

MY FRIENDS, THE CHINESE—By Carl Crow. Illustrations by G. Sapojnikoff. London. Hamish Hamilton. 278 pp. Price nine shillings, net.

Written in the same casual, tolerant manner that endeared *400 Million Customers* to vast thousands all over the globe, Carl Crow's *My Friends, the Chinese* might well be listed as a second volume of that sensational best seller.

It is a "continued in our next" book, in no way distinguished from the first. Again benefitting by Sapajou's line drawings, the author considers such aspects of life in China as the missionary view of the wickedness of the heathen, the reason why dirt triumphs over soap among the rank-and-file of the 400 million, the attitude of the Old China Hand toward the beggar with the starving infant in her arms, and the realistic basis of most Chinese superstitions.

Only once or twice during the course of the entire book does the author forsake his Jovian calm, nicely mixed with amusement. Most conspicuous change of attitude is apparent in his treatment of the missionaries in China. He says, "Having come to China to conquer sin, they have a keen and wary eye on their ancient enemy. Anyone looking for sin in any part of the world will have no diffiuclty in finding it."

Since the author was a refugee from Shanghai on the ill-fated *President Hoover* his book does not deal with war-torn China. He does, however, go some length to explain official corruption, especially under the Manchu regime. By contrast, he finds the government of "Christian General" Chiang singularly pure.

To quote: "When one reflects that every dollar which was invested in public welfare of China during the past ten years might have gone into the pockets of officials, one is tempted to come to the rather startling conclusion that high standards of official morality were developing much more rapidly in China than they ever developed in the West."

If you were enthusiastic over 400 *Million Customers* you will find *My Friends, the Chinese* entertaining. But you probably will not rush to buy the next book in the China sequence, if the author is so lacking in originality as to continue in the same vein.

B. M.

Practice vs Precept

THE GOAL OF JAPANESE EXPANSION—By Tatsuo Kawai. Published by the Hokuseido Press, Tokyo. Price U.S. $1.50.

A program of empire aggrandisement, involving large-scale warfare, with all its horrors, against a people determined to keep their independence, cannot be justified on any moral grounds. Nor can the program be presented convincingly in the guise of a disinterested humanitarianism. The author of this book attempts to do both. But, realizing the frailty of his case, he employs a third argument: If Great Britain could build up a mighty empire without incurring the moral displeasure of the rest of the world, why not Japan?

Tatsuo Kawai, a few years ago, was attached to the Japanese embassy in Shanghai. Later he became consul-general at Canton. Now he is director of the Information Bureau of the Foreign Office in Tokyo. No one will question his qualifications as a spokesman of Japanese imperialism. If his idealistic interpretation of "Japanese expansion" bears obvious flaws, that is no reflection on the author's literary ability and argumentative persuasiveness. He has a poor case to handle and he does his best with it.

"Japan's continental expansion," he tells us, "should be considered not so much as a capitalistic necessity but as a mission for the general cause of Asiatic civilization." Nothing is further from Japan's intentions than to place future Sino-Japanese relations on the basis of "victor and vanquished." The guiding principles of Sino-Japanese relations are "love, benevolence and mutual aid. Admitting of no room for greed or selfishness, they will be governed by the spirit of service and mutual benefit, and the two nations will share equally in the blessings of peace and abundance." Noble sentiments, these. Too bad that the practices of the Japanese government and its armed forces in China contradict the precepts of Dai Nippon's "idealistic" program. The world will continue to judge Japan by her actions and not by the words of her spokesmen.

"The Japanese army," Kawai says, "is imbued with this ancient spirit of Bushido; it represents 'the divine sword that slays not.' Our forces now fighting in China are not there merely to kill—but to bring birth to a new Asia, in which Japan and China, each maintaining her full independence, will be merged into one system to create and foster a new life—a new solidarity of the Asiatic races."

Well, for a weapon "that slays not," the sword of Dai Nippon seems to have done a remarkably efficient job in China, as witness the numberless decapitated bodies in the various places Japan has occupied. Again, we must judge Japanese policy, not by the idealistic precepts with which her propagandists seek to enshroud a predatory program, but by the actual practices.

Tatsuo Kawai is no more successful in deceiving world opinion than his master at the Tokyo foreign office, Hachiro Arita. His book can be summed up in a single word: Bunk!

F. G.

Documentary Materials

INTERVENTION, CIVIL WAR, AND COMMUNISM IN RUSSIA, APRIL-DECEMBER, 1918—Documentary materials of the Walter Hines Page School of International Relations. Compiled and edited by James Bunyan and published by the John Hopkins Press, Baltimore, Md., 1936. 394 pp. Price U.S.$4.50.

This book makes available in English translation a selected body of Russian materials which portray the history of both the domestic affairs and the international relations of Russia during the crucial period of April to December, 1918. The volume follows chronologically *The Bolshevik Revolution, 1917-1918* published in 1934 under the auspices of Stanford University. The period covered, though of brief duration, is of great significance as one of the most critical in the recent history of Russia.

While the book, with painstaking accuracy, publishes, partly for the first time, a good amount of interesting material for the close study of developments during this period in the European part of Russia, the same can unfortunately not be said regarding its efforts to throw new light on what happened in Eastern and especially Far Eastern Russia. Of its 560 pages, only 23 are given to the Ufa Directorate, 15 to Western Siberia and a mere 10 to the Far East, although it was a time of very great and important activity, intrigue and struggle for power of the various groups of Whites,

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amongst themselves even more than against the Reds; of the beginning of active military intervention of the Allies in Eastern Siberia; and, not least important, of the fateful dissensions between the European and American forces, on the one hand, and the Japanese with their Russian camp followers on the other.

J. P.

Mystery Novel

MURDER-ON-HUDSON, by Jennifer Jones. Thomas Y. Crowell Company, New York. $2.00.

A clever mystery story which is solved chiefly because a lady realtor in a small New York town goes sleuthing when she is told she has been "seeing things." The "thing" she had seen was the body of the town's leading banker, but when she brought the chief of police to see the corpse, there was none.

So Daisy Jane, the real estate agent, goes to work to trace the missing banker, and keeps several paces ahead of the police even up to the denouement. She is not the accustomed type of sleuth, and there is much of humor about her and her efforts to prove she is not at all like a detective. A better than average detective novel, this

M. V.

A CORRECTION

On page 278 of last week's issue of the *China Weekly Review*, in lines under a cartoon reproduced from *Punch*, it was incorrectly stated that Major Atlee had been expelled from the British Labor Party for advocating a "People's Front" in Britain. It was Sir Stafford Cripps, and not Major Atlee, who was expelled.

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Tokyo Finance Ministry Adopts New Taxation

Moving to meet the huge extraordinary military budget required by the conflict in China, the Japanese Finance Ministry has adopted steps designed to bring a Yen 200,000,000 increase in revenue from taxation. The extraordinary military appropriations bill is expected to be introduced in the Diet in February.

High grade textiles, coffee, tea, cocoa, toilet soap, tooth paste, toys, electrical appliances and fruit will be subject to a commodity tax, together with furs, private motor cars and rice wine. Expensive dinners at restaurants will also be subject to a levy.

According to the Finance Ministry's program, the Yen 200,000,000 will be obtained by means of an extraordinary profit tax, scheduled to yield Yen 80,000,000; a levy on dividends of business corporations, amounting to Yen 8,000,000; a commodity tax bringing in Yen 36,000,000; a bond and debenture interest tax producing Yen 1,000,000; a sugar consumption tax yielding Yen 10,000,000; a soft drink tax totalling Yen 2,000,000; building taxes aggregating Yen 2,000,000 and a stamp tax amounting to Yen 1,000,000.

The extra Yen 200,000,000 in taxation revenues, even if the full estimate is realized, will only be a drop in the bucket of Japan's war finance needs, since the extraordinary military budget for the coming fiscal year has already been fixed at Yen 5,000,000,000, with an ordinary budget of Yen 490,000,000.

50 Foreign Volunteers Arrive in Chungking

A group of 50 foreign volunteers, nationality not specified, arrived in Chungking Jan. 24 to join the Chinese army, according to a *Kuo Min* report. Most of the group are aviators and experts in mechanized warfare. It was understood that they will be assigned by the Chinese authorities to train new Chinese troops in the use of modern motorized equipment.

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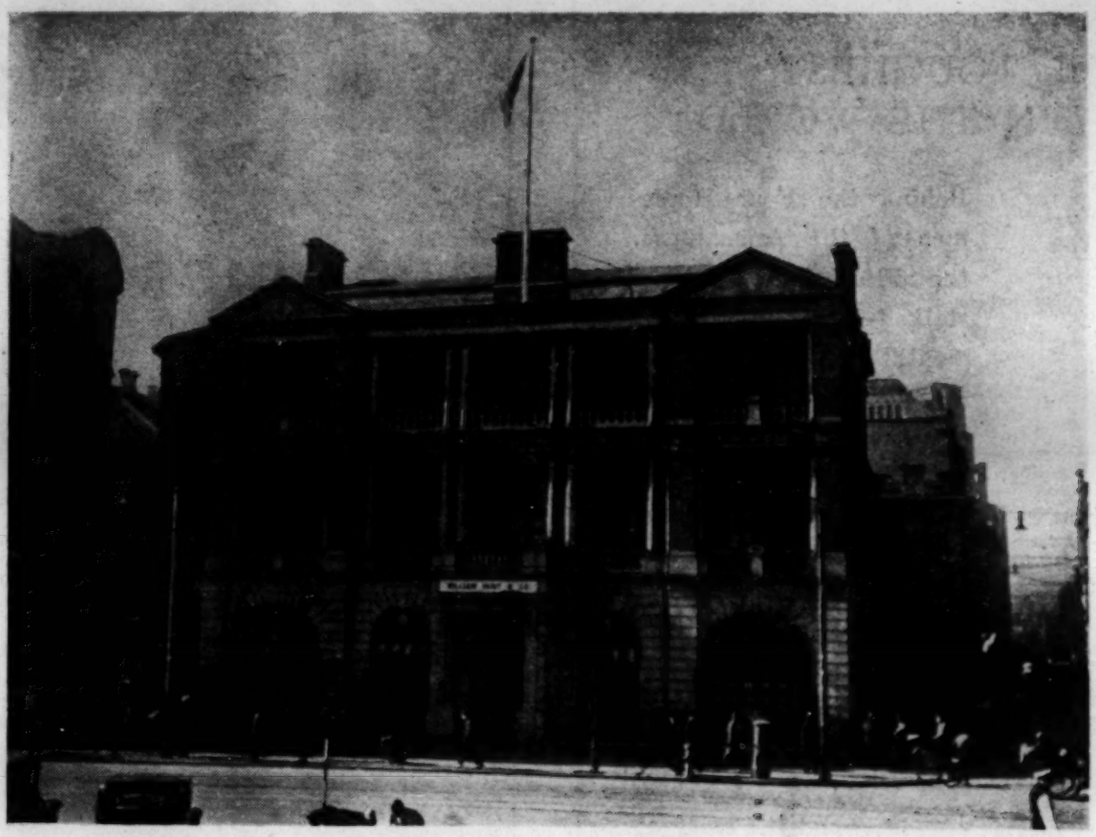

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